



Utah Transit Authority

Audit Committee

REGULAR MEETING AGENDA

669 West 200 South
Salt Lake City, UT 84101

Monday, March 11, 2024

3:00 PM

FrontLines Headquarters

UTA Audit Committee will meet in person at UTA FrontLines headquarters (FLHQ) 669 W. 200 S. Salt Lake City, UT. 84101

1. **Call to Order & Opening Remarks** Chair Carlton Christensen
2. **Safety First Minute** Jax Fox
3. **Consent** Chair Carlton Christensen
 - a. Approval of December 18, 2023 Audit Committee Meeting Minutes
4. **Audit Committee Actions**
 - a. Audit Committee Charter Annette Royle
 - b. Internal Audit External Assessment Recommendation Mike Hurst
5. **Internal Audit Update**
 - a. Internal Audit Update Mike Hurst
 - 2023 Audit Plan Status
 - 2024 Audit Plan Status
 - Sales Tax Refund
 - b. 2023 Quality Assurance and Improvement Program Mike Hurst
Johanna Goss
6. **Internal Audit Reports**
 - a. UTA Police Department Ethics and Code of Conduct Preliminary Assessment and Final Report (R-24-05) Johanna Goss
Dalan Taylor
 - b. Transit Communication Center Preliminary Assessment (R-23-04) Johanna Goss
Jody Richins
 - c. Asset Capitalization Process Limited Scope Assessment (R-23-08) Mike Hurst
Luke Barber
Joan Burke

7. Other Business Chair Carlton Christensen

- a. Next Meeting: Monday, June 17th, 2024 at 3:00 p.m.

8. Adjourn Chair Carlton Christensen

Meeting Information:

- Special Accommodation: Information related to this meeting is available in alternate format upon request by contacting adacompliance@rideuta.com or (801) 287-3535. Request for accommodations should be made at least two business days in advance of the scheduled meeting.
- All members of the Audit Committee and meeting presenters will participate in person, however committee members may join electronically as needed with 24 hours advance notice.
- Meeting proceedings may be viewed remotely by following the instructions and link on the UTA Public Meeting Portal - <https://rideuta.legistar.com/Calendar.aspx>
- In the event of technical difficulties with the remote connection or live-stream, the meeting will proceed in person and in compliance with the Open and Public Meetings Act.
- Public Comment will not be taken at this meeting, but general comment may be given online through <https://www.rideuta.com/Board-of-Trustees>. Comments may also be sent via e-mail to boardoftrustees@rideuta.com
- Meetings are audio and video recorded and live-streamed.
- Motions, including final actions, may be taken in relation to any topic listed on the agenda.



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Utah Transit Authority

669 West 200 South
Salt Lake City, UT 84101

MEETING MEMO

Audit Committee

Date: 3/11/2024

TO: Audit Committee
FROM: Jana Ostler, Board Manager

TITLE:

Approval of December 18, 2023 Audit Committee Meeting Minutes

AGENDA ITEM TYPE:
Minutes

RECOMMENDATION:
Approve the minutes of the December 18, 2023 Audit Committee meeting

BACKGROUND:
A regular meeting of the UTA Audit Committee was held in person and broadcast live through the UTA meetings website on Monday, December 18, 2023 at 3:00 p.m. Minutes from the meeting document the actions of the committee and summarize the discussion that took place in the meeting. A full audio recording of the meeting is available on the [Utah Public Notice Website <https://www.utah.gov/pmn/sitemap/notice/878871.html>](https://www.utah.gov/pmn/sitemap/notice/878871.html) and video feed is available through the UTA Meetings website at [UTA Public Meeting Portal <https://rideuta.com/Board-of-Trustees/Meetings>](https://rideuta.com/Board-of-Trustees/Meetings).

ATTACHMENTS:
2023-12-18_AUDIT_Minutes_UNAPPROVED



Utah Transit Authority

Audit Committee

MEETING MINUTES - Draft

669 West 200 South
Salt Lake City, UT 84101

Monday, December 18, 2023

3:00 PM

FrontLines Headquarters

Present: Chair Carlton Christensen
Jeff Acerson
Mark Johnson

Remote: Beth Holbrook
Troy Walker

Also in attendance were UTA staff and interested community members.

1. **Call to Order & Opening Remarks**

Chair Christensen welcomed attendees and called the meeting to order at 3:02 p.m. He announced this is an in-person, recorded meeting, with live viewing available online. It was noted Trustee Beth Holbrook will be participating remotely and Committee Member Troy Walker would be delayed.

2. **Safety First Minute**

Luke Barber, UTA Senior Internal Auditor, delivered a brief safety message.

3. **Consent**

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

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

4. **Approvals**

a. **External Auditor Engagement Letters for 2023 Audits (Crowe LLP)**

Eric Barrett, UTA Acting Comptroller, presented the 2023 Engagement Letters for 2023 external audits, prepared by Crowe LLP, the agency's external auditors. The audit includes compliance to the agreed upon procedure for the National Transit Database (NTD). Mr. Barrett noted this is the third year of a five-year contract with Crowe LLP whose services have been exemplary.

A motion was made by Trustee Acerson, and seconded by Committee Member Johnson, to approve the External Auditor Engagement Letters for 2023 Audits. The motion carried unanimously.

b. **2024 Internal Audit Plan**

Mike Hurst, UTA Internal Audit Director, presented the 2024 Internal Audit Plan for the committee's approval which included continued projects and new projects. Mr. Hurst

reviewed each category including a breakdown of the individual projects, status, and associated timelines. He also reviewed how the 2024 Internal Audit Plan aligns with the UTA Strategic Plan.

Questions regarding auditing procurement best practices versus compliance, precedence for the construction contract audit, and safety audit requirements for Light Rail versus Commuter Rail were posed by the committee and answered by Mr. Hurst.

A motion was made by Committee Member Johnson, and seconded by Trustee Holbrook, to approve the 2024 Internal Audit Plan. The motion carried unanimously.

5. Internal Audit Update

a. Internal Audit Update

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

Mr. Hurst shared a slide detailing the 2023 Audit Plan's alignment with the Agency's strategic objectives.

A status report on the 2023 Audit Plan was provided by Mr. Hurst which included continued projects, new projects, special projects, and outsourced projects. Mr. Hurst reviewed timelines and project status, noting the majority of the 2023 projects as completed. Reports from the audits currently being finalized will be presented at the next Audit Committee meeting in March 2024.

A discussion ensued regarding the IT General Controls Audit and the need for further work in 2024. This project will continue in 2024 with a new third party auditor and additional funds.

It was noted committee member Troy Walker joined the meeting (remotely) at 3:32 p.m.

Additional reporting by Mr. Hurst included an audit team safety certification update, status of the sales tax refund project, environmental control consulting, and a summary of EEO Investigations and related governance.

6. Internal Audit Report Review

a. Vehicle Disposal Preliminary Assessment (23-02)

Mr. Barber was joined by Trice Batty, UTA NRV Performance and Maintenance Manager, and Dan Hofer, UTA Director of Capital Program & Support, to present a report on the Vehicle Disposal Audit.

Mr. Barber's report included the audit objectives, purpose, discoveries,

recommendations, and management response.

Findings included lack of governance, poor vehicle conditions and storage methods, and lack of Board approval for three vehicle sales transactions exceeding \$200,000.

Discussion ensued. Questions regarding the following topics were posed by the committee and answered by staff: number and condition of vehicles in the fleet and estimated values; status of and protocols for dealing with damaged vehicles; timing for board approval of vehicle sales; vehicles sales outlets; book value versus auction value of vehicles; lifecycle for vehicle acquisition and disposal.

Jay Fox, UTA Executive Director, acknowledged that there are Federal Transit Administration (FTA) requirements for the sale and disposal of some vehicles.

Recommendations included the Capital Assets group seeking Board approval for combined vehicle sales exceeding \$200,000 and the creation of Standard Operating Procedures (SOPs).

b. Light Rail Operations Audit Report (22-02)

Mr. Hurst was joined by Jaron Robertson, UTA Acting Light Rail General Manager, and Tony Burger, UTA Light Rail Operations Manager, to present a report on the Light Rail Operations Audit.

Mr. Hurst's report included the audit scope, key control testing, and recommendations. He noted this is the second phase to a preliminary audit conducted in 2022. Performance testing of key controls documented from the preliminary assessment were conducted.

Mr. Hurst reviewed the status of recommendations from the preliminary assessment which included the update of Light Rail emergency training, emergency management responsibility, the review and updating of SOPs, and the planning and tracking of "ride alongs."

Questions relating to the lack of an emergency response plan for the Midvale facility and planning and tracking of "ride alongs", were posed by the committee and answered by staff.

c. Policy Process Consulting Report (23-07)

Mr. Hurst was joined by Alisha Garrett, UTA Chief Enterprise Strategy Officer, to present the Policy Process Consulting Report. He explained the background and objectives of the Policy Process which relates to the agency's process for adopting policies and SOPs. Mr. Hurst noted this project is being performed as a consulting engagement and is an on-going project with management working on identifying solutions.

Mr. Hurst walked the committee through the policy process and identified strengths, challenges, and recommendations.

Discussion ensued. Questions and discussion were held relating to the definition of a subject matter expert, the current policy review and approval process, challenges within the current process, the quantity of policies and SOPs, timelines for policy review/approval, policy review exemption, and the need to define what is a policy and what is an SOP.

Management will continue to work on solutions as Mr. Hurst continues his work on this project.

7. Other Business

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

8. Closed Session

a. Discussion Regarding Deployment of Security Personnel, Devices, or Systems

Chair Christensen indicated there were items to be discussed in closed session relative to deployment of security personnel, devices, or system.

A motion was made by Trustee Acerson, and seconded by Committee Member Johnson, for a closed session. The motion carried by unanimous vote and the closed session convened at 4:52 p.m.

9. 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 5:28 p.m.

10. Adjourn

A motion was made by Trustee Acerson, and seconded by Committee Member Johnson, to adjourn the meeting. The motion carried by unanimous vote and the meeting adjourned at 5:29 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/878871.html> for entire content.

Meeting materials along with a time-stamped video recording may also be accessed at https://rideuta.granicus.com/player/clip/272?view_id=1&redirect=true&h=3fb1c1640f6e3435276ab27c9ff80d38

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

Approved Date:

Carlton Christensen
Chair, UTA Audit Committee



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
FROM: Annette Royle, Director of Board Governance
PRESENTER(S): Annette Royle, Director of Board Governance

TITLE:

Audit Committee Charter

AGENDA ITEM TYPE:

Audit - Approval

RECOMMENDATION:

Review and approve the Audit Committee Charter as presented and recommend adoption by the Board of Trustees.

BACKGROUND:

UTA's Bylaws established the Audit Committee to direct the Internal Auditor to conduct audits determined to be most critical to the organization and to hear reports from the Internal Auditor and external auditors. The Bylaws also require the Audit Committee to function under the terms of an Audit Committee Charter reviewed annually.

DISCUSSION:

UTA's Audit Committee Charter was initially drafted to align with requirements set by the Utah State Auditor's Office and Utah's Public Transit District Act. The charter was last reviewed and approved by the Audit Committee in March 2023. The Audit Committee Charter being presented makes two modifications:

- Adds a confidentiality requirement to member duties as recommended by the State Auditor.
- Clarifies the committee's duty to review the Audit Committee Charter annually and as necessary, recommend charter revisions to the Board of Trustees for adoption.

ALTERNATIVES:

The committee may make suggestions for further revisions to the charter.

FISCAL IMPACT:

None

ATTACHMENTS:

Audit Committee Charter (Revised Draft - March 2024)

AUDIT COMMITTEE CHARTER

FOR THE UTAH TRANSIT AUTHORITY

Pursuant to the Utah Transit Authority’s (“UTA”) Bylaws, the Board of Trustees (“Board”) has established an Audit Committee to provide oversight of both the internal and external audit functions.

The components of this Audit Committee Charter include:

- Mission Statement
- Composition and Requisite Skills
- Duties and Responsibilities
- Membership
- Meetings and notifications
- Decision-Making Process
- Reporting Requirements
- Charter Review

MISSION STATEMENT

The Audit Committee is established to assist the Board in fulfilling its responsibilities for overseeing UTA’s accounting and financial reporting processes, the integrity of their financial statements, and responsibilities related to systems of internal controls.

COMPOSITION AND REQUISITE SKILLS

As set forth in UTA’s Bylaws, the Audit Committee is comprised of the Board of Trustees and the Chair and Vice-Chair of the Advisory Council. The Chair of the Board of Trustees shall serve as the Chair of the Audit Committee.

The Committee will review accounting, auditing, and financial reports and evaluate UTA’s financial statements, the external audit, and internal audit activities. Accordingly, the Audit Committee has a collective responsibility to ensure they:

- 1) Possess the requisite knowledge necessary to understand technical and complex financial reporting issues.
- 2) Have the ability to communicate with auditors, public finance officers and governing officials.
- 3) Are informed about internal controls, financial statement audits and management/operational audits.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee include the following:

- 1) External Audit Focus
 - a. Provide recommendations regarding the selection of the external auditor.
 - b. Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.
 - c. Review and discuss with the external auditor any risk assessment of the entity’s fiscal operations developed as part of the auditor’s responsibilities under governmental auditing standards for a financial statement audit, federal single audit standards, state compliance requirements, or agreed upon procedures.

- d. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the entity's system of internal controls.
 - e. Make a recommendation to the Board of Trustees on accepting the annual audit report.
 - f. Review corrective action plans developed by UTA's management.
- 2) Internal Audit Focus
- a. Assist in the oversight of the internal audit function, including reviewing and approving the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.
 - b. Review significant recommendations and findings of the Internal Auditor.
 - c. Receive updates on management's implementation of the Internal Auditor's recommendations.
 - d. Participate in the evaluation of the performance of the Internal Audit function.
 - e. Review and approve an Internal Audit Charter annually.
- 3) Administrative Matters
- a. Hold regularly scheduled meetings.
 - b. Review ~~and revise~~ the Audit Committee Charter, annually and as necessary, recommend Charter revisions to the Board of Trustees for adoption.

MEMBERSHIP DUTIES

The membership duties of the Audit Committee include the following:

- 1) Good Faith – Members of the Audit Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and UTA with such care as a generally prudent person in a similar position would use under similar circumstances.
- 2) Independence – An individual may not serve on the Audit Committee if he or she:
 - a. Is employed by the entity (other than governing board members).
 - b. Currently provides, or within the prior two years, has provided, goods or services to the entity.
 - c. Is a family member of an employee or officer.
 - d. Is the owner of or has a direct and material interest in a company providing goods or services to the entity.
- 3) Confidentiality – During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the Utah Transit Authority to maintain the confidentiality of such information.

MEETINGS AND NOTIFICATIONS

The Audit Committee shall meet a minimum of four times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance, for reasonable review and consideration.

The Audit Committee shall create meeting minutes which include the meeting:

- 1) Agenda
- 2) Time, date, and location
- 3) Attendance
- 4) Findings requiring further investigation
- 5) Items to report to the Board of Trustees

DECISION-MAKING PROCESS

All decisions shall be reached by vote of a simple majority of the total membership of the Committee. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

REPORTING REQUIREMENTS

The Audit Committee has the duty and responsibility to report its activities to the Board for their action as needed. The Audit Committee’s reporting requirements are to:

- 1) Provide minutes or a summary of minutes of meetings which clearly record the actions and recommendations of the Committee.
- 2) Report on its review of UTA’s draft annual external audit report and accompanying management letter and its review of significant findings.
- 3) Report on suspected fraud, waste or abuse, or significant internal control findings and activities of the internal control function.
- 4) Report on indications of material or significant non-compliances with laws or UTA policies and procedures.
- 5) Report on any other matters that the Committee believes should be disclosed and referred to the Board for their action.

CHARTER REVIEW

The UTA Audit Committee shall assess the adequacy of this Charter no less than an annual basis or as necessary. Charter modifications, as recommended by the Audit Committee, should be presented to the Board in writing for their review and action.

Revision/Review History:

Date	Action
11/28/2018	New UTA Bylaws adopted by R2018-11-01 establishing the Audit Committee and requiring an Audit Committee Charter to be reviewed annually (Bylaws since revised by R2019-06-01 with same provisions for Audit Committee).
6/10/2019	Audit Committee received draft Audit Committee Charter for review on 4/29/19; Audit Committee approved the Charter on 6/10/2019.
2/10/2020	Revised Audit Committee Charter approved by Committee on 2/10/20; adopted by the Board of Trustees on 2/26/20. Revisions expanded function of external auditor for state compliance requirements and agreed upon procedures.
4/19/2021	Audit Committee Charter approved by the Audit Committee with no changes.
4/18/2022	Committee adopted revised Audit Committee Charter on 4/18/2022. Revisions clarified the Audit Committee Chair and added the duty of the committee to approve the Internal Audit Plan annually.
3/6/2023	Audit Committee Charter presented to the Audit Committee for review and approval. Revisions expanded duties of committee to review and approve the Internal Audit Charter annually.
<u>3/2024</u>	<u>Audit Committee Charter presented to the Audit Committee for review and approval on 3/11/2024 and to the Board of Trustees for adoption on 3/27/2024. Added confidentiality requirements to member duties and clarified process for annual charter review and revisions as necessary.</u>



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

Internal Audit External Assessment Recommendation

AGENDA ITEM TYPE:

Audit Action

RECOMMENDATION:

Discuss options for performance of the Internal Audit external assessment. Recommend that Internal Audit perform a self-assessment with independent validation.

BACKGROUND:

Internal Audit follows standards published by the Institute of Internal Auditors. These standards require that an external assessment be performed every five years. One option to meet this requirement is through a self-assessment with independent validation. In this option, Internal Audit would complete a series of checklists to measure compliance with audit standards. An external provider would then validate the results.

DISCUSSION:

A self-assessment with independent validation is the most efficient option for UTA Internal Audit to meet the five-year assessment requirement. This option would have no extra cash expenditure, as opposed to if we hired an external provider to perform the assessment. It would also save time, as opposed to if we traded assessment services with a neighboring Internal Audit team.

ALTERNATIVES:

Internal Audit could hire or trade for external assessment services.

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

External Assessment Memo

Date: 1/24/2024
To: UTA Audit Committee
From: Mike Hurst, Director Internal Audit
Subject: 2024 External Assessment of Internal Audit

A. Background

Utah Code 63I-5-102(9) legally defines an “Internal audit program” and includes in its definition that such activities “*is conducted in accordance with current: Internal Standards for the Professional Practice of Internal Auditing; or The Government Auditing Standards, issued by the Comptroller General of the United States.* (Quoted code was formatted for ease of reading).

UTA Internal Audit complies with this principle by adopting the Internal Standards for the Professional Practice of Internal Auditing, colloquially known as “Red Book”. This standard was adopted by the Institute of Internal Auditors (“IIA”) in 2017. On January 9, 2024, the IIA issued new standards called the 2024 Global Internal Audit Standards. UTA Internal Audit is adopting these standards, however, the new standards do not apply for quality assessment for 12 months following publication¹. Therefore, this memorandum will reference the 2017 Red Book standards as the applicable standards for quality assessment in 2024.

Red Book requires internal audit teams to complete quality assurance activities. Attribute Standard 1312 – *External Assessment* states,

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- *The form and frequency of external assessments.*
- *The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.*

The Interpretation section of Attribute Standard 1312 – *External Assessment* further clarifies,

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation... The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.

In an External assessment, an individual or team outside of UTA would perform an extensive series of checklists verifying UTA Internal Audit’s compliance with Red Book. In a self-assessment with independent external validation, an individual or team within UTA would perform the same checklists to

¹ The Institute of Internal Auditors, Copyright 2024, “2024 Global Internal Audit Standards”, [theiia.org, https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/](https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/)

measure compliance. An assessor outside of UTA would then perform a series of tasks to validate the internal work performed.

UTA Internal Audit last had an external assessment performed in 2019 and is required to complete one in 2024.

B. Recommendation

I recommend that the UTA Audit Committee approve Internal Audit perform a self-assessment with independent validation.

External assessment services can either be purchased or “swapped” with another internal audit team. The former option has a price tag of approximately \$22,000, which Internal Audit has budget to procure if necessary.

The latter option would involve finding a willing partner to perform our external assessment and UTA would perform theirs. A conservative estimate for a properly performed external assessment is about four weeks of labor.

I participate in advocacy group comprised of Internal Audit leaders from State of Utah agencies. This group coordinates external assessment “swaps” and I would find a partner through this group. The drawback of this arrangement is that the group requires the provided labor providing the swap be led by a Certified Internal Auditor. I am the only Certified Internal Auditor at UTA so this task could not be delegated to my staff. This presents a significant opportunity cost on my time.

In contrast, a self-assessment could be performed by a team member under my direction. I would assign the responsibility to Johanna Goss, Senior Internal Auditor. Performing this assessment would be a deep immersion into the specifics of audit standards that would accelerate the professional development of an employee key to the present and future success of UTA Internal Audit. This would be an invaluable learning opportunity not easily replicated academically. The time to perform the work was considered in the 2024 Audit Plan. This option would require a swap for the validation portion. Per the Certified Internal Auditor requirement, I would have to perform this portion for the partner agency at an estimate of one week of work.



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

Internal Audit Update

- **2023 Audit Plan Status**
- **2024 Audit Plan Status**
- **Sales Tax Refund**

AGENDA ITEM TYPE:

Report

RECOMMENDATION:

Information for discussion

BACKGROUND:

Internal Audit will report on activities completed or in progress since the last Audit Committee meeting was held on December 18, 2023. This discussion will report on the status of 2023 audit plan projects, the status of 2024 audit plan projects, and the status of the sales tax refund.

DISCUSSION:

Internal Audit will report on activities since the last Audit Committee meeting.

ALTERNATIVES:

Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

None



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit
Johanna Goss, Senior Internal Auditor

TITLE:

2023 Quality Assurance and Improvement Program

AGENDA ITEM TYPE:

Report

RECOMMENDATION:

Internal Audit will report on the results of the 2023 Quality Assurance and Improvement Program (QAIP) internal assessment.

BACKGROUND:

UTA Internal Audit follows standards published by the Institute of Internal Auditors (IIA). These standards annually require that quality assurance and improvement activities take place. Internal Audit meets this requirement by completing IIA checklists that measure our compliance with standards.

DISCUSSION:

The 2023 QAIP was performed by Johanna Goss, who drafted recommendations based on the findings of the review. Mike Hurst drafted action plans based on the recommendations. This presentation will report on improvement opportunities and associated action plans.

ALTERNATIVES:

Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

QAIP Recommendations Memo 2023

Date: December 7, 2023
To: UTA Audit Committee
Cc: Mike Hurst, Director of Internal Audit
From: Johanna Goss, Senior Internal Auditor
Subject: 2023 Quality Assurance and Improvement Program results

Background

Utah Code 63I-5-102(9) requires Internal Audit (“IA”) to follow professional standards in discharge of responsibilities. UTA IA accordingly performs our work to the International Standards for the Professional Practice of Internal Auditing (“Standards”) published by The Institute of Internal Auditors (“IIA”).

Standards require IA to have a continuous Quality Assurance and Improvement Program (“QAIP”). The QAIP consists of three elements. First, on-going monitoring. This is achieved through supervision of audit projects by the Director. Second, an external assessment must be performed every five years. UTA IA last had an external assessment performed in 2019 by the IA department of the Utah Department of Transportation. Third, annual self-assessments of the internal audit department must be completed.

Self-Assessment Activities

The following are a brief description of the self-assessment activities performed for the 2023 QAIP. Applicable worksheets and raw data are available upon request.

1. Internal Audit Management (A-3) planning guide

This planning guide gathers information to support the assessment of the Standards that are related to the management of the internal audit activity.

2. Internal Audit Process (A-4) planning guide

This planning guide gathers information to support the assessment of the Standards that are related to the processes that internal audit uses on assurance and consulting engagements.

Results

Based on the results of the self-assessments, Internal Audit has or will implement the following improvements. These recommendations are not indicators of significant deficiencies but are opportunities for improvements.

1. General Standard of Procedure

IA currently does not have a standard of procedure (“SOP”) for its activities. The Director is aware of the deficiency and has delayed writing the SOP until the IIA updates standards, expected in January 2024.

2. Risk Management Coordination

Previous audit plans have not been directly influenced by the organizational risk assessment due to timing differences of risk assessment preparation between Enterprise Risk Management (ERM) and IA. This communication and coordination between ERM and IA can be strengthened.

3. Internal Audit Charter

IA’s charter should clearly outline what constitutes a “significant change” to the audit plan. This will formalize the necessity of adoption of changes to the charter by the Audit Committee.

4. UTA Ethics Program

IA does not have an assurance role in UTA’s ethics-related objectives, programs, and activities. The ethics program is under-assured/under-audited and should rely on a 3rd party reviewer.

5. IT governance assurance

IA should follow up on IT governance assurance, including IT resourcing and alignment within the organization. The 2023 audit plan had an assurance activity that would have looked at IT governance: including resourcing and alignment within the organization. However, IA did not have the sufficient budget in 2023 to carry out the project.

6. Record Retention Standard of Procedure

IA should incorporate into SOP record retention requirements specific to reported engagements and documentation associated with those engagements.

7. Engagement Review Documentation

All IA work is reviewed, including work performed by the Director. However, IA needs to improve formal documentation of completed workpaper and engagement review within engagement files.

8. Observation Ratings

Individual observations in reports are rated by “low”, “medium”, and “high” labels. IA should define what “low”, “medium”, and “high” mean in regards to individual observations in reports.



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Johanna Goss, Senior Internal Auditor
Dalan Taylor, Chief of Police

TITLE:

UTA Police Department Ethics and Code of Conduct Preliminary Assessment and Final Report (R-24-05)

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational report for discussion.

BACKGROUND:

This project was approved by the UTA Audit Committee as part of the 2024 Internal Audit plan on December 18, 2023.

UTA has a police department of approximately 100 officers that serve the public along UTA's service system. The purpose of the audit was to assess the completeness and effectiveness of the department's ethics and code of conduct policies and training. This is a routine audit that is not in response to any known or suspected incidents or systemic issues. The scope of the project was limited to overall program effectiveness and not specific investigations of any individual conduct.

DISCUSSION:

Internal Audit will report on results of the preliminary assessment of the UTA Police department ethics and code of conduct program. No follow up or audit phase is anticipated for this assessment.

ALTERNATIVES:

Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

R-24-05 UTA PD Ethics and Code of Conduct



INTERNAL AUDIT

Preliminary Assessment and Final Report of UTA Police Department Ethics and Code of Conduct

R-24-05

February 29, 2024

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Rating Matrix

Descriptor	Guide
High	Matters considered being fundamental to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within three months.
Medium	Matters considered being important to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within six months.
Low	Matters considered being of minor importance to the maintenance of internal control or good corporate governance or that represents an opportunity for improving the efficiency of existing processes. These matters should be subject to agreed remedial action and further evaluation within twelve months.

Distribution List

Title	For Action ¹	For Information	Reviewed prior to release
Executive Director		*	*
Chief Operating Officer		*	*
Chief of Police – Public Safety Manager		*	*

¹For Action indicates that a person is responsible, either directly or indirectly depending on their role in the process, for addressing an audit finding

Executive Summary

Introduction

The Audit Committee directed Internal Audit (IA) to perform a preliminary assessment to determine if the code of conduct and related policies for UTA's Police Department (PD) sufficiently covered all needed topics and that related training was adequately deployed. The Audit Plan was approved by the Audit Committee on December 18, 2023.

The assessment was concluded on February 8, 2024. This project will not progress to an audit phase, making this report the final report. The assessment was conducted in accordance with the International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors.

Background and Functional Overview

UTA's PD provides security for internal stakeholders and the public on UTA's system. As of February 2024, the management and direction of UTA's PD is led by Cheryl Beveridge – Chief Operating Officer and Dalan Taylor – Chief of Police – Public Safety Manager. Utah PD are law enforcement officers as defined in Utah Code 53-13-103. The department requires all Law Enforcement Officers (LEO) to have current Police Officer Standards and Training (POST) certification and that each LEO recertify each year.

UTA PD consists of the Chief of Police, two Captains, five Lieutenants, 13 Sergeants, 56 Transit Police Officers, and two Fare Inspection Officers. The department covers all UTA property from Ogden to Provo and maintains a primary station in Murray and three substations in South Salt Lake, Ogden, and Provo.

Objectives and Scope

The period under review was January 1, 2023 – February 8, 2024. The primary areas of focus for the PD Code of Conduct assessment were:

- Code of Conduct sufficiency against established standards
- Training Rollout
- Training Completion

IA identified criteria for evaluating code of conduct sufficiency through discussions of national standards and best practices with Marcus Yockey – Utah Assistant Attorney General and Chistian Newlin – Captain: Police Officer Standards and Training (POST). Johanna Goss, Sr. Internal Auditor, performed this preliminary assessment due to her 10 years of prior experience as a LEO, including administering code of conduct through training and violation investigations.

Summary

Through this preliminary assessment, we observed numerous strengths, best practices, and accomplishments within UTA PD's creation of a useful Code of Conduct and Ethics policy. There are no formal issues to report.

IA verified that UTA PD's Code of Conduct is structured around national best practices as published by the International Association of Chiefs of Police (IACP). UTA PD bases all key code of conduct standards, such as Primary Responsibilities, Discretion, Integrity, and Use of Force, on the standards set by the IACP. A third-party provider reviews the Code of Conduct each year. Management circulates any changes to all staff. Initially, new hires go through formal training to review the Code of Conduct. Additionally, management recently required that all staff complete Code of Conduct training every three years.

POST certification requires that all LEOs annually complete a minimum of 40 hours of training. UTA LEOs participate in training covering topics to improve public service, such as de-escalation, crisis intervention, and sexual assault/abuse. Additionally, UTA PD requires officers to participate in Homeland Security and Incident Command trainings. UTA PD policy allows for LEOS to receive as much as 24 hours of elective training on topics to improve professional skillsets.

Management tracks annual training through physical and digital documentation. POST makes its online system, ACADIS, available for individual officers and department management for tracking training. POST maintains documentation of training completed, both in the current year and all prior years. UTA PD training staff regularly utilizes ACADIS to review training hours completed to ensure that staff are fulfilling requirements. In addition to using ACADIS to review and track required training, UTA PD has recently acquired and started to use a new software (LEFTA) to safeguard the management of certification data by having it readily available and current within UTA PD. Training staff regularly conducts reviews of the overall state of training completed, which reduces the risk that LEO become non-compliant with POST-required training hours. The next one of these reviews is planned for March 2024.

IA appreciates the assistance offered by UTA PD management and staff in completing this preliminary assessment.



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Johanna Goss, Senior Internal Auditor
Jody Richins, Manager Transit Communications Center

TITLE:

Transit Communication Center Preliminary Assessment (R-23-04)

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational report for discussion. Internal Audit will report on observations from the preliminary assessment of the Transit Communication Center.

BACKGROUND:
A preliminary assessment of the Transit Communication Center (TCC) was approved by the Audit Committee on December 12, 2022, as part of the 2023 annual Audit Plan. Internal Audit completed the preliminary assessment in November 2023.

DISCUSSION:
TCC serves as the communication hub for bus and public safety dispatch. This department receives calls and tips from the public, interacts with bus operators, logs fixed route incidents, and assists with security access of UTA property. This preliminary assessment evaluated the staffing, training, and systems of TCC.

ALTERNATIVES:
Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

None



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 3/11/2024

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit
Luke Barber, Senior Internal Auditor
Joan Burke, Manage Capital Asset Controls

TITLE:

Asset Capitalization Process Limited Scope Assessment (R-23-08)

AGENDA ITEM TYPE:

Report

RECOMMENDATION:

Informational report for discussion. Internal Audit will report on observations from the Limited Scope Asset of the Asset Capitalization Process.

BACKGROUND:

Accounting standards require certain purchases to be tracked as capital assets, with the cost of the item accounted over the useful life of the item purchased rather than all at once. This limited scope engagement was on the 2023 Internal Audit Plan and had the objectives of determining the strength of the controls around identifying purchases that require capitalization and the accuracy of tracking federal spending attributable to individual assets.

DISCUSSION:

Internal Audit will report on observations from testing completed to verify the objectives of the engagement. Follow-up work will be performed later in 2024 and reported to the committee.

ALTERNATIVES:

Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

None