



Utah Transit Authority

Audit Committee

REGULAR MEETING AGENDA

669 West 200 South
Salt Lake City, UT 84101

Monday, April 18, 2022

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. **Pledge of Allegiance** Chair Carlton Christensen
3. **Safety First Minute** Chair Carlton Christensen
4. **Consent** Chair Carlton Christensen
 - a. Approval of January 31, 2022 Audit Committee Meeting Minutes
 - b. Audit Committee Charter Approval
5. **Internal Audit Update**
 - a. Internal Audit Update
 - 2022 Audit Plan Status
 - Data Analytics Project
 - Data Discovery Project
 - Capital Asset Accounting Consulting ProjectMike Hurst
Trent Russell
Edison Pascascio
David Lewis
6. **Internal Audit Report Review**
 - a. Preliminary Assessment Report - IT General Controls Mike Hurst
7. **Other Business** Chair Carlton Christensen
 - a. Next Meeting: Monday, June 27th, 2022 at 3:00 p.m.
8. **Adjourn** Chair Carlton Christensen

Meeting Information:

- Meeting proceedings may be viewed remotely by following the meeting portal link on the UTA Board Meetings page - <https://www.rideuta.com/Board-of-Trustees/Meetings>
- In the event of technical difficulties with the remote 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 www.rideuta.com. Comments may also be sent via e-mail to boardoftrustees@rideuta.com
- Members of the Audit Committee and meeting presenters will participate in person, however committee members

may join electronically as needed.

- Motions, including final actions, may be taken in relation to any topic listed on the agenda.
- Special Accommodation: Information related to this meeting is available in alternate format upon request by contacting adacompliance@rideuta.com or (801) 287-3536. Request for accommodations should be made at least two business days in advance of the scheduled meeting.



U T A

Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 4/18/2022

TO: Audit Committee
FROM: Jana Ostler, Board Manager

TITLE:

Approval of January 31, 2022 Audit Committee Meeting Minutes

AGENDA ITEM TYPE:

Minutes

RECOMMENDATION:

Approve the minutes of the January 31, 2022 Audit Committee meeting

BACKGROUND:

A regular meeting of the UTA Audit Committee was held remotely via Webex and broadcast live through the UTA meetings website on Monday, January 31, 2022 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/731663.html) [<https://www.utah.gov/pmn/sitemap/notice/731663.html>](https://www.utah.gov/pmn/sitemap/notice/731663.html) and video feed is available through the UTA Meetings website at <https://rideuta.com/Board-of-Trustees/Meetings>

ATTACHMENTS:

2022-01-31_AUDIT_Minutes_unapproved



Utah Transit Authority

Audit Committee

MEETING MINUTES - Draft

669 West 200 South
Salt Lake City, UT 84101

Monday, January 31, 2022

4:00 PM

FrontLines Headquarters

This meeting was held remotely via phone or video conference and broadcast live for the public via the link and instructions on the UTA Board Meetings page
<https://rideuta.com/Board-of-Trustees/Meetings>

Present: Chair Carlton Christensen
Jeff Acerson
Karen Cronin
Beth Holbrook

Also attending were UTA staff and interested community members.

1. Call to Order & Opening Remarks

Chair Carlton Christensen welcomed attendees and called the meeting to order at 4:25 p.m. The Utah Transit Authority Electronic Board Meeting Determination Statement was read by Jana Ostler, UTA Board Manager. The full text of the statement is appended to these minutes.

2. Safety First Minute

Nichol Bourdeaux, UTA Chief Planning and Engagement Officer, delivered a brief safety message.

3. Consent

a. Approval of November 15, 2021 Audit Committee Meeting Minutes

A motion was made by Trustee Acerson, and seconded by Member Cronin, that the consent agenda be approved. The motion carried by unanimous vote.

4. Reports and Approvals

a. External Auditor Engagement Letters for 2021 Audits (Crowe LLP)

Troy Bingham, UTA Comptroller, presented engagement letters outlining the arrangements for external audits to be performed on the agency's financial statements and pension, National Transit Database agreed upon procedure, and Joint Insurance Trust agreed upon procedure. Mr. Bingham Asked for approval to engage with Crowe LLP for the stated audit functions.

A motion was made by Trustee Holbrook, and seconded by Member Cronin, that these External Auditor Engagement Letters for 2021 Audits be approved. The motion carried unanimously.

b. Internal Audit Charter Approval

Mike Hurst, UTA Director of Internal Audit, reported on the 2022 Internal Audit Charter. Three updates were made; reference of "Chief Internal Auditor" to "Director of Internal Audit", language to specify what aspect of the Institute of Internal Auditors standards are followed, and "Compliance Officer" was replaced with "Legal Counsel".

A motion was made by Trustee Acerson, and seconded by Trustee Holbrook, that this Internal Audit Charter be approved. The motion carried unanimously.

c. 2021 Risk Assessment

Alisha Garrett, UTA Chief Enterprise Strategy Officer, presented the 2021 UTA Risk assessment report. Ms. Garrett explained the process of the risk assessment which included:

- Pre work, leaders were sent a number of questions regarding perceived risk at UTA
- Risk matrix prioritization, which assessed the probability of risk happening and its potential impact
- UTA employee participation
- Weighted rating system helped with prioritization
- Top seven perceived risks were identified

Next steps in the risk assessment process are understanding each risk, assigning ownership and beginning risk mitigation planning.

Questions were posed by the committee regarding Executive Team participation in the survey, recruitment risks and how the risks would be approached, employee retention risks, and perceived risks vs. validated risks. Ms. Garrett responded. The committee complimented Ms. Garrett for her process and risk assessment report.

d. 2022 Internal Audit Plan Approval

Mike Hurst, UTA Director of Internal Audit, discussed the 2022 audit plan and its history. Five "next phase" projects were proposed with their respective timelines. Mr. Hurst noted that next phase audits for IT, debt cost, and capital projects are excluded from the 2022 plan and deferred to 2023.

The committee asked for clarification regarding the postponement of the capital projects audit and potential for unidentified gaps, noting that capital projects will likely get busier in the coming year. Mr. Hurst responded. Discussion ensued.

Mr. Hurst outlined the eight proposed new projects for 2022, noting that maintenance will be excluded from this audit plan with the intention that maintenance will be

sectioned off into separate future engagements.

- Commuter Rail Operations
- Light Rail Operations
- Covid Stimulus Spending
- Fleet Engineering
- Benefits Calculations
- Support Fleet Performance
- Cell Phone Performance
- Capital Asset Accounting

The committee asked questions about the Covid stimulus spending audit and whether the benefits calculations audit will look at how to make a better employee experience for voluntary withdrawals and changes in employee benefits. Mr. Hurst answered. Discussion ensued.

Mr. Hurst then presented two proposed special projects in the 2022 audit plan; data analytics and data discovery (which will be performed by a third party).

The committee asked questions about what data analytics entails and confirmed that Internal Audit will continue to check quarterly transactions to ensure fiscal responsibility oversight. Mr. Hurst answered, and discussion ensued.

A motion was made by Member Cronin, and seconded by Trustee Holbrook, that this Audit Plan be approved. The motion carried by unanimous vote.

5. Internal Audit Update

a. Internal Audit Update

Mr. Hurst presented an update on recent Internal Audit activities, noting that David Lewis and Joanna Goss have joined the Internal Audit team as new auditors.

Mr. Hurst recapped the 2021 Audit Plan status, including a couple of minor outstanding issues. Mr. Hurst then outlined the results of the Internal Audit Quality Assurance and Improvement Program (QAIP) which is a requirement of the Institute of Internal Auditors (IIA). Activities of the self-assessed QAIP included a management survey, performance standards checklist, and standards gap analysis. These activities uncovered opportunities for improvement within Internal Audit.

The committee commented and thanked Mr. Hurst for the good work on the audit reports and self assessment.

6. Internal Audit Report Review

a. Preliminary Assessment Report - Debt Cost Audit

Mr. Hurst reviewed the debt cost preliminary assessment. The scope of the preliminary assessment included governance, issuance process, post-issuance process, compliance

with bond covenants and tax laws, and management of third part contractors. The preliminary assessment found that strong controls exist to plan and execute a bond issuance strategy; detailed records of bond issuance, accounting, and evidence of compliance are maintained; UTA vets third parties for professionalism and competency; and third party contracts have clauses protecting UTA in key areas such as conflicts of interest. It was recommended that standard contract language be updated to cover UTA expectations and requirements for data breaches.

7. Other Business

- a. Next Meeting: Monday, April 18th, 2022 at 3:00 p.m.

8. Adjourn

A motion was made by Trustee Holbrook, and seconded by Trustee Acerson to adjourn this meeting. The motion was carried by a unanimous vote and the meeting was adjourned at 5:32pm

Transcribed by Misti Roberds
Board Administrator
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, audio, or video located at <https://rideuta.legistar.com/Calendar.aspx> or <https://www.utah.gov/pmn/sitemap/notice/731663.html> for entire content.

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

Approved Date:

Carlton J. Christensen
Chair, Board of Trustees

Appendix A**Electronic Meeting Determination**

Consistent with the Utah Open and Public Meetings Act, (UTAH CODE § 52-4-207 [4]), as the Acting Chair of the Board of Trustees ("Board") of the Utah Transit Authority ("UTA"), I hereby make the following written determinations in support of my decision to hold electronic meetings of the UTA Board without a physical anchor location:

Due to the resurgence of COVID -19 cases locally, conducting Board and Board Committee meetings with an anchor location presents a substantial risk to the health and safety of those who may be present at the anchor location.

This written determination takes effect on January 12, 2022, and is effective until midnight on February 10, 2022 and may be re-issued by future written determinations as deemed appropriate.

Dated this 10th day of January 2022.

Beth Holbrook, Acting Chair of the Board of Trustees



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 4/18/2022

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

TITLE:

Audit Committee Charter Approval

AGENDA ITEM TYPE:

Audit - Approval

RECOMMENDATION:

Review and approve the Audit Committee Charter as presented and forward to the Board of Trustees to adopt.

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 was last reviewed and approved by the Audit Committee in April 2021. The Audit Committee Charter being presented makes only minor language clarifications that 1) appoints the Chair of the Board of Trustees as the Chair of the Audit Committee (as stated in UTA's Bylaws), and 2) clarifies the role of the Audit Committee to approve the annual Internal Audit Plan (as stated in the Internal Audit Charter).

ALTERNATIVES:

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

FISCAL IMPACT:

None

ATTACHMENTS:

Audit Committee Charter (revised April 2022)

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 insure 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.
- 3) Administrative Matters
- a. Hold regularly scheduled meetings.
 - b. Review and revise the Audit Committee Charter, as necessary

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.

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.

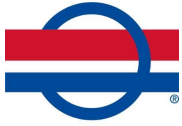
REPORTING REQUIREMENTS

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 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.



U T A

Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Audit Committee

Date: 4/18/2022

TO: Audit Committee
THROUGH: Jay Fox, Executive Director
FROM: Mike Hurst, Director of Internal Audit
PRESENTER(S): Mike Hurst, Director of Internal Audit
Trent Russell, Founder of Greenskies Analytics
Edison Pascascio, Sr. Database Administrator
David Lewis, Sr. Internal Auditor

TITLE:

Internal Audit Update

- **2022 Audit Plan Status**
- **Data Analytics Project**
- **Data Discovery Project**
- **Capital Asset Accounting Consulting Project**

AGENDA ITEM TYPE:

Report

RECOMMENDATION:

Information item for discussion.

BACKGROUND:

Internal Audit provides periodic updates to the Audit Committee on work completed and progress made.

DISCUSSION:

The following project updates will be discussed:

- 2022 Audit Plan Status
- Data Analytics Project
- Data Discovery Project

- Capital Asset Accounting Consulting Project
-

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: 4/18/2022

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

TITLE:

Preliminary Assessment Report - IT General Controls

AGENDA ITEM TYPE:

Report

RECOMMENDATION:

Informational report for discussion.

BACKGROUND:

Internal Audit completed a preliminary assessment on IT general controls.

DISCUSSION:

Internal Audit will report on observations and recommendations from the preliminary assessment.

ALTERNATIVES:

Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:

None