



Utah Transit Authority

Audit Committee

MEETING MINUTES - Final

669 West 200 South
Salt Lake City, UT 84101

Monday, April 18, 2022

3:00 PM

FrontLines Headquarters

Present:

- Chair Carlton Christensen
- Jeff Acerson
- Beth Holbrook
- Julie Fullmer
- Mark Johnson

1. Call to Order & Opening Remarks

Chair Carlton Christensen welcomed attendees and called the meeting to order at 3:07 p.m. Two new members were introduced to the committee; Mayor Julie Fullmer from Vineyard City, and Mayor Mark Johnson from Lehi City.

2. Pledge of Allegiance

Attendees recited the Pledge of Allegiance.

3. Safety First Minute

Chair Christenson delivered a brief safety message.

4. Consent

a. Approval of January 31, 2022 Audit Committee Meeting Minutes

b. Audit Committee Charter Approval

A motion to approve the consent agenda was made by Trustee Holbrook and seconded by Trustee Acerson. The motion carried unanimously.

5. Internal Audit Update

a. Internal Audit Update

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

2022 Audit Plan Status

Mike Hurst, UTA Director of Internal Audit, introduced Johanna Goss, new UTA Senior Internal Auditor, to the committee. Ms. Goss shared her background with the committee and expressed her excitement in joining the UTA Audit Team.

Mr. Hurst provided a brief update on the status of the 2022 Audit Plan which included

a summary of:

- Next Phase Projects
- New Projects
- Special Projects

Reports on five projects currently in progress will be presented to the committee in the June and August 2022 meetings. These include: MOW Systems, Fleet Engineering, Support Fleet Performance, Cell Phone Performance, and Capital Asset Accounting.

Chair Christenson inquired on the timeline for the Light Rail Operations Project. Mr. Hurst stated a S.W.A.T analysis is currently being conducted and a project report will be provided in the August 2022 meeting.

Data Analytics Project

Mr. Hurst presented the Data Analytics Project. In summary, this project will involve the gathering and analysis of data to help UTA make better business decisions. In addition, these practices will be incorporated into UTA's Auditing processes.

The consultant selected for this project is Trent Russell of Greenskies Analytics, Mr. Russell joined the meeting remotely. He presented a breakdown of the Audit Analytics Model, the project plan, rollout schedule and deliverables. He explained the data model will test 100% of the system and provide invaluable insight and assessment of business processes. "Insight" is the one of the most valuable components of analytics. This model is effective, efficient, and provides value and assurance over risks.

Chair Christensen asked if data models will need to be created for each project. The answer is, "no," as one data set can be used for several projects. However, the procedures and analytics for each area audited will be different.

Improved technology, data, and systems will be integral components of this project. Using technology to automate data and processes and identifying key controls, will assist UTA in becoming more efficient with stronger controls.

The question was posed on how the formal reporting will be presented. Mr. Hurst stated long term reporting will likely be provided using a dashboard showing continuous results and status. Initial rollout reporting during the implementation phase will include updates at Audit Committee meetings including the status of tests, effectiveness, and feedback. A status report will be presented at the next committee meeting in June 2022.

Data Discovery Project

Edison Pascascio, UTA Sr. Database Administrator, introduced himself to the committee. He detailed the data discovery project and the primary objectives which are defining the data landscape, establishing data governance, and using data driven strategies to make more informed business decisions on how UTA utilizes data.

Chair Christensen posed the question; "Is there data we are not aware of?" Mr. Pascascio responded in the affirmative stating the data sources and capabilities are highly underutilized. Mr. Hurst reiterated the need for data governance while ensuring data is clean, reliable, centralized, and organized with standardized data gathering practices.

The procurement committee is hiring a third-party firm for expert analysis and opinions. Mr. Pascascio has a draft RFP and discussions are taking place with potential firms. A vendor will be selected by June 2022 and a project report will be produced by the end of the year.

Mr. Pascascio emphasized the need for building a culture of staff buy-in and training which will provide access and utilization of data benefiting staff and their departments.

Member Johnson enquired how the team will identify the data that needs to be gathered. Mr. Pascascio replied the team has an awareness of what is currently available, but the business as a whole does not fully understand how it can be utilized.

Trustee Holbrook stated communication will be critical as staff understands the value of the data and how it is being captured. Trustee Acerson concurred and mentioned staff should be provided with the vision of how the data system will be more efficient, safe, and reliable.

Jay Fox, UTA Executive Director inquired if there is coordination or intersecting points with other departments within UTA. Mr. Hurst stated there are and he has been communicating with Alisha Garrett, UTA Chief Enterprise Strategy officer, since she is very interested in this project. Ms. Garrett expressed her excitement at the partnership with Mr. Hurst and his team as this project aligns with her focus on data strategy, governance and infrastructure.

Capital Asset Accounting Consulting Project

David Lewis, UTA Senior Internal Auditor, explained the scope of the Capital Asset Account Project has been changed from audit assurance to consulting. This will provide improved efficiencies, resources and accountability to improve UTA's capital asset procedures. Mr. Hurst acknowledged the assurance implication of this method which will require a one year "cool off" period before Internal Audit can provide assurance services.

A discussion ensued with questions being asked by members of the committee on the decision making and ramifications of the change of scope from assurance versus consulting. Mr. Hurst expressed his comfort level with this approach when considering several factors, specifically, internal resources, staffing, knowledge, and internal perspective. Additionally, it will allow for greater control and accountability, and time to address and correct the findings following the Federal audit last year.

6. Internal Audit Report Review**a. Preliminary Assessment Report - IT General Controls**

Mr. Hurst introduced the new UTA Director of Information Technology, Kyle Brimley.

Ms. Garrett joined the discussion and introduced Alisia Wixom, UTA Enterprise Applications Manager.

Mr. Hurst referred to the project scope which included a review of Security Management, Operations Management, and Change Management within the IT systems. The results indicated strong controls are in place across the IT systems with regular updates, back-ups and reconciliations of application interfaces to secure the integrity of data critical to IT resources.

As part of the Preliminary Assessment, two low-risk findings were discovered which will form part of the action plan. These include creating a list of sensitive objects in JD Edwards (JDE) to better control conflicting access and remove incompatible objects. JDE is an oracle software product to support work flow and processes. Ms. Garrett stated these objects need reviewing for access points and separation of duties. The second item on the action plan is developing a plan to align the IT strategy with a reputable national framework such as NIST (National Institute of Standards and Technology).

Chair Christensen requested a definition of an “incompatible object.” Ms. Garrett explained this is where conflicting actions and permissions exist within the system, allowing users access to create and approve tasks which do not allow for separation of duties based on authority and approvals.

Further discussion ensued regarding national IT frameworks. Ms. Wixom explained companies are not required to follow a national framework or standard, although UTA has adopted recommendations and pieces of the NIST framework including alignment of IT strategies. Ms. Wixom highlighted the advantages of being in alignment with NIST which is the Government gold standard of information security particularly in the area of handling sensitive, secure information and data. Ms. Garret added the goal is for the IT department to implement these within UTA’s IT policies and standard operating procedures.

Member Johnson enquired if NIST is an ISO qualifying organization since this would allow for organizations to deviate and classify internal standards to fit the needs of the organization. It was unclear if NIST is ISO-affiliated. Ms. Garrett stated this is a great suggestion which her team will follow up on.

Chair Christensen asked how the team will report on the status/completion of the two key action items presented. Mr. Hurst explained the 2023 Audit Plan will detail the next phase of the project which will include three main objectives; follow up on recommendations, testing of the identified controls, and data governance.

7. Other Business

- a. Next Meeting: Monday, June 27th, 2022 at 3:00 p.m.

8. Adjourn

A motion was made by Member Johnson, and seconded by Trustee Holbrook, to adjourn the meeting. The motion carried by a unanimous vote and the meeting adjourned at 4:17 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, audio, or video located at <https://www.utah.gov/pmn/sitemap/notice/748103.html> or <https://rideuta.legistar.com> for entire content.

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

Approved Date: 06/27/2022

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Carlton J. Christensen
Chair, Board of Trustees