



# Utah Transit Authority

## Audit Committee

### REGULAR MEETING AGENDA

669 West 200 South  
Salt Lake City, UT 84101

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**Monday, March 6, 2023**

**3:00 PM**

**FrontLines Headquarters**

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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** Johanna Goss
3. **Consent** Chair Carlton Christensen
  - a. Approval of December 12, 2022 Audit Committee Meeting Minutes
4. **Reports and Approvals**
  - a. Audit Committee Charter Approval Annette Royle
  - b. Internal Audit Charter Approval Mike Hurst
  - c. 2022 Risk Assessment Alisha Garrett
5. **Internal Audit Update**
  - a. Internal Audit Update Mike Hurst
    - 2022 Audit Plan Status
    - 2023 Audit Plan Status
    - Quality Assurance and Improvement Program (QAIP)
    - Internal Audit Activities
6. **Internal Audit Report Review**
  - a. Limited Scope Assessment of Covid Stimulus Funding Mike Hurst  
Daniel Hofer  
Troy Bingham
7. **Other Business** Chair Carlton Christensen
  - a. Next Meeting: Monday, June 26th, 2023 at 3:00 p.m.
8. **Adjourn** Chair Carlton Christensen

**Meeting Information:**

- All members of the Audit Committee and meeting presenters will participate in person, however committee members may join electronically as needed.
- Meeting proceedings may be viewed remotely by following the instructions and link on the UTA Board Meetings page - <https://www.rideuta.com/Board-of-Trustees/Meetings>
- Public Comment will not be taken at this meeting, but general comment may be given online through [www.rideuta.com](https://www.rideuta.com). Comments may also be sent via e-mail to [boardoftrustees@rideuta.com](mailto:boardoftrustees@rideuta.com)
- Special Accommodation: Information related to this meeting is available in alternate format upon request by contacting [adacompliance@rideuta.com](mailto:adacompliance@rideuta.com) or (801) 287-3536. Request for accommodations should be made at least two business days in advance of the scheduled meeting.



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# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date: 3/6/2023**

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**TO:** Audit Committee  
**FROM:** Jana Ostler, Board Manager

**TITLE:**

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**Approval of December 12, 2022 Audit Committee Meeting Minutes**

**AGENDA ITEM TYPE:**

Minutes

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**RECOMMENDATION:**

Approve the minutes of the December 12, 2022 Audit Committee meeting

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**BACKGROUND:**

A regular meeting of the UTA Audit Committee was held in person and broadcast live through the UTA meetings website on Monday, December 12, 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/799466.html) [<https://www.utah.gov/pmn/sitemap/notice/799466.html>](https://www.utah.gov/pmn/sitemap/notice/799466.html) and video feed is available through the UTA Meetings website at <https://rideuta.com/Board-of-Trustees/Meetings>

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**ATTACHMENTS:**

2022-12-12\_AUDIT\_Minutes\_UNAPPROVED



# Utah Transit Authority

## Audit Committee

### MEETING MINUTES - Draft

669 West 200 South  
Salt Lake City, UT 84101

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**Monday, December 12, 2022**

**3:00 PM**

**FrontLines Headquarters**

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**Present:** Chair Carlton Christensen  
Jeff Acerson  
Beth Holbrook  
Julie Fullmer  
Mark Johnson

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 3:03 p.m.

**2. Safety First Minute**

Troy Bingham, UTA Comptroller, delivered a brief safety message.

**3. Consent**

**a. Approval of October 17, 2022 Audit Committee Meeting Minutes**

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

**4. Approvals**

**a. External Auditor Engagement Letters for 2022 Audits (Crowe LLP)**

Troy Bingham, UTA Comptroller, presented the 2022 Engagement Letters for 2022 external audits, prepared by Crowe LLP, the agency's external auditors. Mr. Bingham stated Crowe LLP is contracted to perform UTA's external financial audit, single audit, pension audit, and agreed upon procedure for National Transit Database (NTD) compliance.

Mr. Bingham mentioned the 2022 letters cover the current fiscal year ending December 31, 2022, and the letters are updated each year to address any changes in the audit environment and any new requirements. In addition, Crowe will be providing a comprehensive financial report compiled from the agency's financial statements. Mr. Bingham noted this is the third year of a five-year contract with Crowe LLP.

A motion was made by Trustee Holbrook, and seconded by Member Fullmer, to approve the External Auditor Engagement Letters for 2022 Audits. The motion carried unanimously.

**b. 2023 Internal Audit Plan Approval**

Mike Hurst, UTA Director - Internal Audit, presented the 2023 Internal Audit Plan for approval to include continued projects, new projects, special projects, and outsourced projects. Mr. Hurst proceeded to review each category including a breakdown of the individual projects and associated timelines.

Questions regarding project carryover from the previous audit year and the outsourcing of projects were posed by the board and answered by Mr. Hurst.

A motion was made by Trustee Holbrook, and seconded by Member Johnson, to approve the 2023 Internal Audit Plan. The motion carried unanimously.

**5. Internal Audit Update****a. Internal Audit Update**

- **2022 Audit Plan Status**
- **Data Analytics Update**
- **22-05 Benefits Calculation**
- **Other Internal Audit Activities**

Mr. Hurst provided a report on the 2022 Internal Audit Plan status which included next phase projects, new projects, and special projects, and reviewed timelines and project status, noting the majority of these projects as being completed. Mr. Hurst drew the committee's attention to the Transit Oriented Development (TOD) project currently in progress under the 2022 next phase projects. He stated that a potential risk is conflicts of interest and emphasized the need to ensure the procurement of land and the execution of TOD projects are done ethically. The Internal Audit Department currently conducts annual financial disclosures which act as a control in TOD projects and ensures ethical conduct.

He reported the Utah Department of Transportation's (UDOT) internal audit team will be performing an audit of this conflict of interest mitigation process and providing the audit committee with their observations and recommendations to ensure UTA is executing the project responsibly. Mr. Hurst mentioned UDOT's internal audit team will join UTA's internal audit team to provide a report out on this project.

Additional reporting by Mr. Hurst included a data analytics update, findings from the 22-05 Benefits Calculation Audit, and other internal audit activities.

**6. Internal Audit Report Review**

Mr. Hurst was joined by Luke Barber, and Johanna Goss, UTA Senior Internal Auditors, to present reports on the Fuel Cost Audit, the Commuter Rail Preliminary Assessment, and the Fleet Engineering Preliminary Assessment. The scope, findings, and recommendations were provided for each reporting area.

**a. Fuel Cost Audit Report**

Mr. Hurst presented a report on the Fuel Cost Audit and noted strong controls are in place to reduce the risk of unauthorized fuel use and verification of invoiced fuel volumes and pricing. He referred to the Spill Prevention control and Countermeasure (SPCC) plans which are past the required five-year review period.

Discussion ensued. Questions concerning the accuracy of fuel delivery, including diesel and natural gas, versus what was purchased and billed were posed by the committee and answered by staff.

It was determined several measures are in place to monitor delivery and consumption although natural gas is more complex to measure. Mr. Hurst indicated it is a heavily regulated industry and UTA has reduced the risk to an acceptable level. Chair Christensen expressed the importance of being diligent in this area as the agency looks towards its long-term fleet strategy.

Committee Member Johnson inquired on the controls in place to avoid potential theft. Mr. Hurst detailed the controls in place to manage this issue in addition to future controls such as trackers which will readily identify any theft.

Additional discussion ensued concerning control of user access to the fueling system and the removal of access when an employee is terminated or transfers. Systems and training are being put in place to manage this with the assistance of the IT department and should be completed in the first quarter of 2023.

**b. Preliminary Assessment Report - Commuter Rail**

Ms. Goss, provided a preliminary assessment report on Commuter Rail and referenced positive indicators including training, customer service, and a proactive approach from management. She noted a key opportunity for improvement is the need to support additional training for mental health awareness through a variety of assistance programs.

Ms. Goss stated one of the key recommendations is improving training and development to include a full-time instructional designer, administrative assistance to the training team, and expanding training duties to other supervisors.

Ms. Goss expressed a need for UTA to create a Mental Health Safety program to encapsulate and centralize organizational efforts, centered around chaplain services and the update of SOPs to include utilizing Chaplain services along with Blomquist Hale personnel for critical incidents or other mental health needs.

Ms. Goss invited Bruce Cardon, UTA Commuter Rail General Manager, and Dalan Taylor, UTA Chief of Police, to speak to these recommendations.

Mr. Cardon touched upon staffing, training, and development and the work currently in progress to address these issues including the sharing of duties in addition to hiring and training staff. He mentioned some of the training and testing duties are federally regulated and some supervisors have received certifications to perform these functions. Ms. Cherryl Beveridge, UTA Chief Operating Officer, mentioned an organizational-wide training assessment is taking place to assess staff training needs to ensure the safety and training of all employees.

A discussion ensued concerning chaplain services. Chief Taylor mentioned volunteer chaplain services are currently being provided but feels this should be a full-time, paid position based on demand and the need to build employee relationships. Ms. Beveridge added, this service could be made available for the entire organization, not just FrontRunner staff.

**c. Preliminary Assessment Report - Fleet Engineering**

Mr. Barber provided a preliminary assessment report on Fleet Engineering which focused on bus and rail manuals, maintenance, and inspections.

Mr. Barber reported the following key concerns:

- Inspection sheets were created for each vehicle class although 2017 - 2021 buses had changes to recommended maintenance intervals that were not reflected in the preventative maintenance forms which causes warranty issues.
- Higher mileage maintenance items required by OEM manuals were not covered by existing preventative maintenance forms.
- Fleet Engineering has a heavy and expensive travel schedule.

Mr. Barber recommended Fleet Engineering work with the agency's attorney and the FTA to determine another means for meeting the post-delivery purchaser's requirement. He noted possible solutions could include employing an inspector or hiring a contractor to perform those duties.

Chair Christensen asked what action could be taken on how inspections are performed and the necessary modifications. Ms. Beveridge reported her team are reviewing the frequency of inspections and the best approach to take moving forwards.

**7. Other Business**

- a. Next Meeting: Monday, March 6th, 2023 at 3:00 p.m.

**8. Adjourn**

A motion was made by Trustee Acerson, and seconded by Trustee Holbrook, to adjourn the meeting. The motion carried by unanimous vote and the meeting adjourned at 4:47 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/799466.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:

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Carlton J. Christensen  
Chair, Board of Trustees





# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date:** 3/6/2023

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

**TITLE:**

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**Audit Committee Charter Approval**

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**AGENDA ITEM TYPE:**

Audit - Approval

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**RECOMMENDATION:**

Review and approve the Audit Committee Charter as presented.

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**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.

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**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 Committee Charter was last reviewed and approved by the Audit Committee in April 2022. The Audit Committee Charter being presented makes one modification to include the committee's role in reviewing and approving a charter for the Internal Audit function annually. This has been done annually since 2019 and this modification will formalize that.

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**ALTERNATIVES:**

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

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**FISCAL IMPACT:**

None

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**ATTACHMENTS:**

Audit Committee Charter (revised March 2023)

## **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.
  - d.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, 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.

### 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.



# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date: 3/6/2023**

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**TO:** Audit Committee  
**FROM:** Mike Hurst, Director of Internal Audit  
**PRESENTER(S):** Mike Hurst, Director of Internal Audit

**TITLE:**

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**Internal Audit Charter Approval**

**AGENDA ITEM TYPE:**

Audit - Approval

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**RECOMMENDATION:**

Review and approve the revised Internal Audit Charter as presented.

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**BACKGROUND:**

The Audit Committee annually approves an Internal Audit Charter that outlines the purpose, scope, and authority of the internal audit function.

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**DISCUSSION:**

Three changes are made from the 2022 approved Internal Audit Charter:

1. Added responsibility for safety audits.
2. Added responsibility for retaliation and discrimination investigations.
3. Removed responsibility for annual risk assessment (being performed by the Enterprise Strategy Office since 2021).
4. Clarified that the audit process flowchart is "typical" since Internal Audit does other kinds of projects in addition to what is depicted in the charter.

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**ALTERNATIVES:**

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

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**FISCAL IMPACT:**

The additional scope of duties has already been accounted for in the 2023 operating budget with the addition of 1 FTE to perform EEO functions.

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**ATTACHMENTS:**

1. 2023 Internal Audit Charter - redline version

# **INTERNAL AUDIT CHARTER**

## **FOR THE UTAH TRANSIT AUTHORITY**

The Board of Trustees ("Board") has established the Internal Audit Department ("Internal Audit") as a key component of the Utah Transit Authority's ("UTA") governance framework.

This Internal Audit Charter serves as a framework for Internal Audit in the performance of its duties and is intended to provide a basis for the Board to evaluate the Internal Audit function.

The components of this Internal Audit Charter include:

- Mission Statement
- Scope of Work
- Responsibilities
- Audit Plan
- Reporting
- Independence and Authority
- Standards of Audit Practice

### **MISSION STATEMENT**

The mission of Internal Audit is to improve UTA's operations and systems of internal controls and add value through independent, objective assurance, and consultative support. Internal Audit helps UTA accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance activities and processes.

### **SCOPE OF WORK**

The scope of Audit coverage is agency-wide including all departments and business units of UTA.

To fulfill its mission, Internal Audit assesses whether UTA's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in areas such as:

- Risk identification and management
- Operational control
- Accurate, reliable, and timely financial, managerial and operating information
- Compliance with policies, standards and procedures
- Adherence to applicable laws and regulations
- Management's achievement of goals and objectives
- Economic acquisition, efficient use, and adequate protection of resources
- Support of management in their interaction with the various internal organizations and external regulatory authorities as needed.



## RESPONSIBILITIES

The Director of Internal Audit and the Internal Audit staff have responsibility to:

- ~~Facilitate UTA's annual risk assessment~~
- Develop an annual Audit Plan using appropriate risk-based methodology (including risks or control concerns identified by management, the Audit Committee and external Audits) and submit that plan to the Audit Committee for review and approval
- Perform a preliminary assessment of the key processes and related internal controls supporting operations and financial reporting as part of the audit process
- Communicate preliminary assessment results and recommendations to management and the Audit Committee as part of the audit process
- Complete internal audits to assess the key processes and related internal controls by testing the adequacy of design and operational effectiveness of the key controls supporting operations and financial reporting
- Communicate audit findings, recommendations and management action plans to management, the Audit Committee, and any other relevant parties through an audit report at the finalization of each audit
- Follow-up with management to assess whether action plans are completed by management within the mutually agreed timeframe to address the risks and deficiencies identified
- Prepare and present reports to the Audit Committee summarizing the status of Internal Audit's work at least quarterly but could be more frequently as directed by the Audit Committee
- Design and roll-out programs and practices around ethics, with support from UTA's Legal Counsel
- Assist in the investigations of suspected misconduct or fraudulent activities within the organization and notify management and, in the event of significant ethical violations, the Audit Committee of the results
- ~~Internal Audit Serves as UTA's investigators for any claims of retaliation or discrimination~~
- ~~Perform safety related audits required by the Federal Transit Administration:~~
- Support UTA management in their interaction with the external financial Auditors
- Assist UTA management to facilitate other external compliance Audits generally managed through other departments within UTA
- Assist UTA in identifying the characteristics of adequate systems of control
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certification to meet the requirements of this Charter
- Establish and maintain a Quality Assurance and Improvement Program ("QAIP") in accordance with the *International Standards for the Professional Practice of Internal Auditing*
- Ensure that a peer review is conducted every five years, and that results are communicated to the Audit Committee
- Keep the Audit Committee informed of emerging trends and best practices in internal auditing
- Assist the Audit Committee in any other way in connection with the discharge of its duties and responsibilities

## **INTERNAL AUDIT PLAN**

The annual Internal Audit Plan is developed each year based upon input from UTA leadership and the Audit Committee.

The annual Internal Audit Plan may include a combination of the following:

- Assessments of compliance with UTA's policies and procedures
- Reviews of internal controls related to significant processes and IT systems to determine whether or not they are properly designed and functioning as intended
- Reviews of financial and operating information
- Assessing whether corporate assets are properly safeguarded
- Reviews of computer-based systems focusing on data security, disaster recovery, and effective use of resources
- Reviews of internal controls designed to ensure compliance with external laws and regulations, including accounting rules and applicable regulations
- Operational audits focusing on improving efficiencies or effectiveness with a goal of contributing to cost reduction efforts
- Strategic audits, such as reviews of due diligence activities and the execution of UTA's strategic objectives

To develop the annual Internal Audit Plan, an overall risk-based approach is used to ensure that the Internal Audit function provides the greatest possible benefit to UTA. On an ongoing basis, matters considered in developing the annual Internal Audit Plan include the following:

- Strategic and operational plans of UTA;
- Risk for potential loss to UTA;
- Opportunities to achieve operating benefits;
- Existence of known errors, irregularities or control weaknesses;
- Results of previous audits:-
- Changes in operations, systems or controls;
- Changes in regulatory or other requirements; and
- Requests from management, Audit Committee and external auditor.

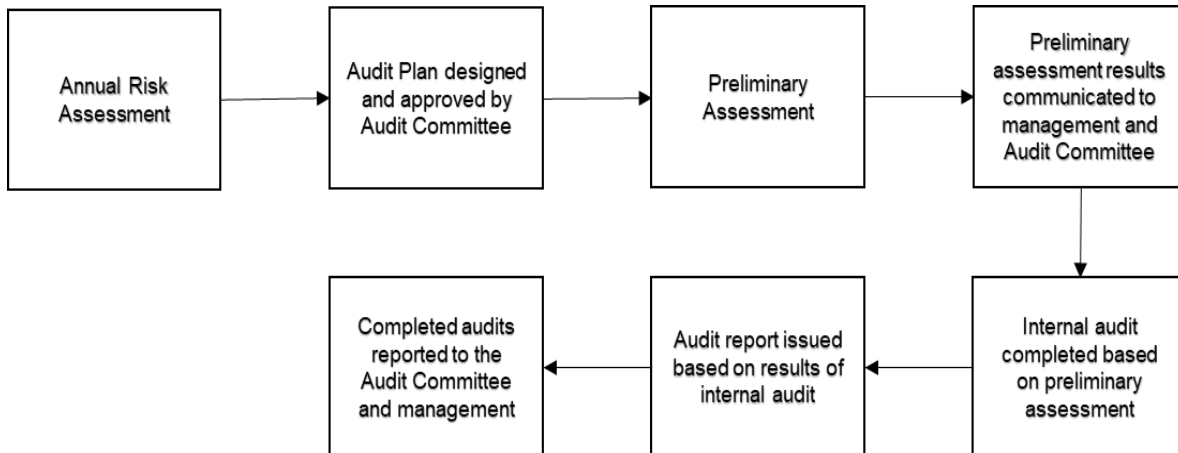
Each year, Internal Audit will work with UTA's leadership ~~to~~ as they perform risk assessment activities designed to identify and prioritize UTA's key risks. This information will be used to identify priorities to be addressed by the annual Internal Audit Plan.

Based on the risk assessment performed, the Director of Internal Audit will present a proposed annual Internal Audit Plan to the Audit Committee for approval. Any significant deviation from the formally approved Internal Audit Plan will be communicated to the Audit Committee.

The Internal Audit Plan will be developed in a manner that allows for the coverage of UTA's highest risk areas in a three-year period. The Director of Internal Audit, in consultation with the Audit Committee, will determine when certain critical risks and controls require more frequent coverage.

## BACKGROUND INFORMATION ON AUDIT PROCESS

The following process flow depicts the typical Audit process at a high-level:



## REPORTING

- A preliminary assessment report will be issued by the Director of Internal Audit following the assessment of a process or department to provide an initial view on the governance and control environment as part of the audit process. The preliminary assessment will be discussed with the Audit Committee.
- A final written report will be issued by the Director of Internal Audit following the finalization of each audit and will be distributed as appropriate. The report will include findings and recommendations along with management's action plans. The audit report will be discussed with the Audit Committee.

## INDEPENDENCE AND AUTHORITY

To provide for Internal Audit's independence, the Director of Internal Audit reports directly to the Board of Trustees. All Internal Audit personnel will report to the Director of Internal Audit. The Director of Internal Audit will meet at least once every quarter but more frequently, if necessary, with the Audit Committee. The Audit Committee may choose to meet with the Director of Internal Audit in private and apart from UTA management, if the meeting satisfies the criteria for a closed session under Utah's Open and Public Meeting Act.

To maintain its independence, Internal Audit will have no direct operational responsibility or authority over any of the activities under scope of its review. Accordingly, Internal Audit will not be responsible to develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited but may perform a consulting role without any decision-making authority.

Internal Audit is authorized to have unrestricted access to all company activities, records, property and personnel. Restriction to these accesses imposed by any employee or management of UTA, which prevents Internal Audit from performing its duties, will be reported immediately to the Executive Director, Board Chair, or directly to the Audit Committee, based on circumstances as determined by the Director of Internal Audit.

## STANDARDS OF AUDIT PRACTICE

The Internal Audit will adhere to mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Definition of Internal Auditing, and the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors in the execution of its duties.

### Revision/Review History:

Date	Action
3/28/2018	Board of Trustees adopted Internal Audit Charter by R2018-03-03
6/10/2019	Audit Committee presented with revised Internal Audit Charter for review on 4/29/19; Audit Committee approved the Charter on 6/10/2019.
2/10/2020	Revised Internal Audit Charter reviewed and approved by Committee on 2/10/20 with minor verbiage updates.
2/1/2021	Internal Audit Charter presented and approved by the Audit Committee with no changes.
1/31/2022	Committee adopted revised Internal Audit Charter. Revisions included title changes for staff functions and updates to audit processes including establishment of a QAIP, documentation of a peer review process, and expanded standards of audit practice.
3/6/2023	Audit Committee Charter duties and responsibilities amended to include the Committee's review and approval of the Internal Audit Charter annually.  Committee approval of revised Internal Audit Charter that adds responsibility for EEO investigations, safety audits, and removes duties to facilitate UTA's annual risk assessment which will be done by management.



# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date:** 3/6/2023

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**TO:** Audit Committee  
**THROUGH:** Jay Fox, Executive Director  
**FROM:** Alisha Garrett, Chief Enterprise Strategy Officer  
**PRESENTER(S):** Alisha Garrett, Chief Enterprise Strategy Officer

**TITLE:**

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**2022 Risk Assessment**

**AGENDA ITEM TYPE:**

Report

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**BACKGROUND:**

Each year UTA conducts an annual risk assessment. In years past, the assessment was conducted by outside vendors or UTA's Internal Audit Department. Beginning in 2021, after the Enterprise Strategy Office was established, the annual risk assessment function was assigned to this Office. The scope of this function was expanded to include a comprehensive deployment of an Enterprise Risk Management Program (ERM). The first step in establishing an ERM is to conduct a risk assessment with organizational leadership and develop a risk registrar. In the fall of 2021, an electronic risk assessment was sent to UTA management. In summer of 2022, a Failure Mode Effects Analysis (FMEA) risk training was deployed to UTA management and UTA leaders were asked to complete an updated risk assessment following the FMEA methodology. The risk responses have been summarized and prioritized according to impact and severity.

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**DISCUSSION:**

The Audit Committee meeting will include a presentation that highlights our 2022 risk assessment findings conducted by UTA management.



# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date:** 3/6/2023

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

**TITLE:**

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**Internal Audit Update**

- 2022 Audit Plan Status
- 2023 Audit Plan Status
- Quality Assurance and Improvement Program (QAIP)
- Internal Audit Activities

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**AGENDA ITEM TYPE:**

Report

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**RECOMMENDATION:**

Information item for discussion.

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**BACKGROUND:**

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

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**DISCUSSION:**

The following items will be discussed:

- 2022 Audit Plan status
- 2023 Audit Plan status
- Quality Assurance and Improvement Program (QAIP)
- Other Internal Audit activities

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**ALTERNATIVES:**

Not applicable

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**FISCAL IMPACT:**

Not applicable

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**ATTACHMENTS:**

None



# Utah Transit Authority

## MEETING MEMO

669 West 200 South  
Salt Lake City, UT 84101

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**Audit Committee**

**Date: 3/6/2023**

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**TO:** Audit Committee  
**THROUGH:** Jay Fox, Executive Director  
**FROM:** Mike Hurst, Director of Internal Audit  
**PRESENTER(S):** Mike Hurst, Director of Internal Audit  
Daniel Hofer, Director of Capital Assets & Project Controls  
Troy Bingham, Comptroller

**TITLE:**

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**Limited Scope Assessment of Covid Stimulus Funding**

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**AGENDA ITEM TYPE:**

Report

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**RECOMMENDATION:**

Informational report for discussion.

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**BACKGROUND:**

Internal Audit completed a limited scope assessment on the Covid stimulus funding drawdown process.

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**DISCUSSION:**

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

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**ALTERNATIVES:**

Not applicable

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**FISCAL IMPACT:**

Not applicable

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**ATTACHMENTS:**

Limited Scope Assessment of Covid Stimulus Funding



## **Limited Scope Assessment of Covid Stimulus Funding**

**R-22-03**

**February 28, 2023**

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Executive Summary

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## Rating Matrix

Descriptor	Guide
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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 <sup>1</sup>	For Information	Reviewed prior to release
Audit Committee		*	
Executive Director		*	*
Chief Financial Officer		*	
Comptroller		*	
Chief Service Development Officer		*	
Records Manager			*

<sup>1</sup>For 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

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The Audit Committee directed Internal Audit (“IA”) to conduct an engagement over Covid Stimulus Funding to determine that calculations and drawdown amounts are materially correct. This engagement is considered a limited scope preliminary assessment and was conducted in accordance with the International Standards for the Professional Practice of Internal Audit, published by the Institute for Internal Auditors.

## Background and Overview

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In response to the economic impact of the Covid-19 pandemic, the United States federal government issued three stimulus fundings; The Coronavirus Aid, Relief, and Economic Security Act (“CARES”); Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSA”); and The American Rescue Plan Act of 2021 (“ARPA”). UTA was awarded funding through each of these acts. Amounts are shown in the table below<sup>1</sup>.

Relief Act	FTA Section	Urbanized Area	Amount
ARPA	5310	Ogden--Layton, UT	\$ 72,535
	5310	Provo--Orem, UT	\$ 48,216
	5310	Salt Lake City--West Valley City, UT	\$ 127,284
		ARPA 5310 Sub-Total	\$ 248,035
	5309	OGX Project	\$6,254,183
		ARPA 5309 Sub-Total	\$6,254,183
	5307	Ogden-Layton, UT	\$ 38,143,636
	5307	Provo-Orem, UT	\$ 21,189,816
	5307	Salt Lake City-West Valley City, UT	\$ 108,443,995
		ARPA 5307 Sub-Total	\$ 167,777,447
ARPA UTA GRAND TOTAL			\$ 174,279,665
CRRSAA	5310	Ogden--Layton, UT	\$ 72,534
	5310	Provo--Orem, UT	\$ 48,216
	5310	Salt Lake City--West Valley City, UT	\$ 127,282
		CRRSAA 5310 Sub-Total	\$ 248,032
	5307	Ogden-Layton, UT	\$ 760,201

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<sup>1</sup> Table was originally prepared by the UTA Capital Development department.

	5307	Provo-Orem, UT	\$ 2,226,234
	5307	Salt Lake City-West Valley City, UT	\$ 30,597,668
		CRRSAA 5307 Sub-Total	\$ 33,584,103
CRRSAA UTA GRAND TOTAL			\$ 33,832,135
CARES	CARES did not provide any 5310 funds		
	5307	Ogden-Layton, UT	\$ 49,428,793
	5307	Provo-Orem, UT	\$ 25,655,102
	5307	Salt Lake City-West Valley City, UT	\$ 112,091,799
CARES UTA GRAND TOTAL			\$ 187,175,694
TOTAL OF ALL COVID RELIEF FUNDS - UTA			\$ 395,287,494

These funds were used to reimburse UTA for operating related expenditures, minus certain offsets, including fares collected. Typical costs drawn down against these grants included salary, benefits, and fuel costs.

## Objectives and Scope

The engagement scope was focused on reviewing amounts drawdown against the ARPA 5307 funds, which corresponds approximately to July 2021 through June 2022. A prior external audit primarily covered CARES and CRSSA spending.

The objectives of the audit were to determine a) the accuracy of drawdown amounts; b) the allowability of drawdown costs; c) verify that the same costs were not claimed multiple times; d) completeness of drawdown against awarded amount. Testing procedures were applied to provide reasonable, but not absolute, assurance on these four audit objectives.

## Summary

The following points summarize the audit findings and correspond to the audit objectives a) no material errors were found in drawdown documentation; b) no unallowable costs were detected c) no material overlap of costs claimed between ARPA and preventative maintenance grants were detected d) no concerns that UTA went materially over or under the drawdown award amount. Informal recommendations to improve the format and quality of documentation was given, but no reportable issues were noted.