

# UTA Audit Committee Meeting

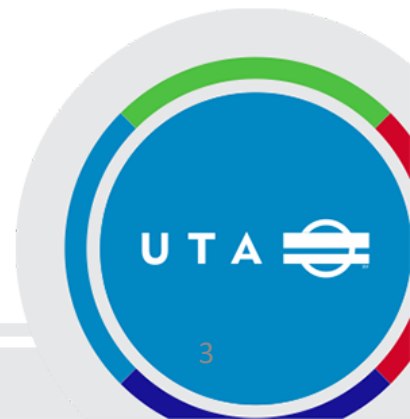
March 6, 2023



# Call to Order and Opening Remarks



# Safety First Minute



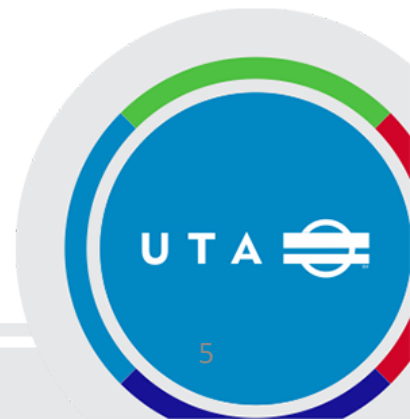
# Consent

- a. Approval of December 12, 2022, Audit Committee Meeting Minutes



# Recommended Action (by acclamation)

Motion to approve consent agenda



# Reports and Approvals

- a. Audit Committee Charter Approval
- b. Internal Audit Charter Approval
- c. 2022 Risk Assessment



# Audit Committee Charter Approval



# Audit Committee Charter - Mission and Duties

## External Audit

- External Auditor – recommend external auditor selection to Board; consult with auditor prior to commencement of annual audits
- Audit Reports – receive reports and assessments and recommend acceptance to the Board
- UTA Management Plans – review corrective action plans by management

## Internal Audit

- Annual Internal Audit Plan – approve, review audit reports
- Audit Reports – receive reports and assessments and recommend acceptance to the Board
- UTA Management Plans – review corrective action plans by management
- Internal Audit Function Evaluation – participate in evaluation
- Internal Audit Charter – review and approve annually\*

*\* Addition to 2023 Internal Audit Charter (performed since 2019)*





# Audit Committee Charter

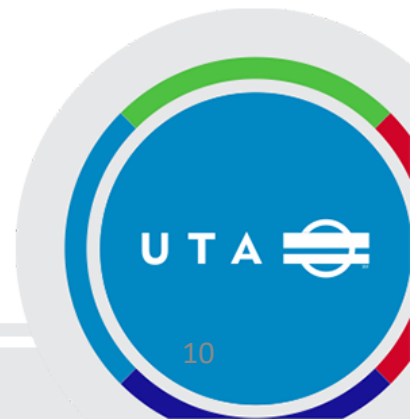
## Committee Composition and Meetings

- Operate under governance of UTA Bylaws and the Committee Charter  
*(to be reviewed annually)*
- Members: Board of Trustees + Advisory Council Chair & Vice-Chair
- Meet at least quarterly
- Report to Board for Action:
  - Annual External Audit Report and Management Letter
  - Suspected fraud, abuse, non-compliance or significant internal control findings
  - Any other matter requiring Board action



# Recommended Action (by acclamation)

Motion to approve the Audit Committee Charter.

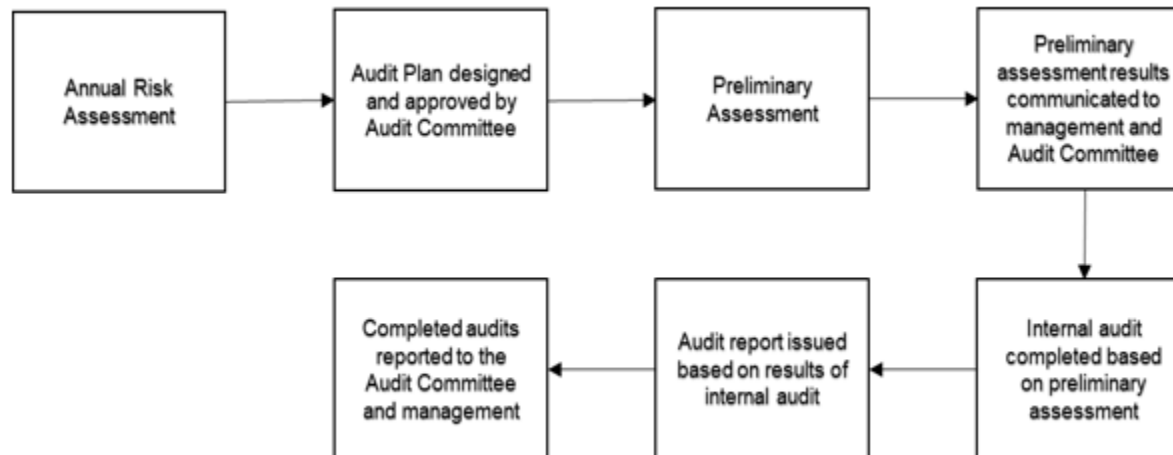


# Internal Audit Charter Approval



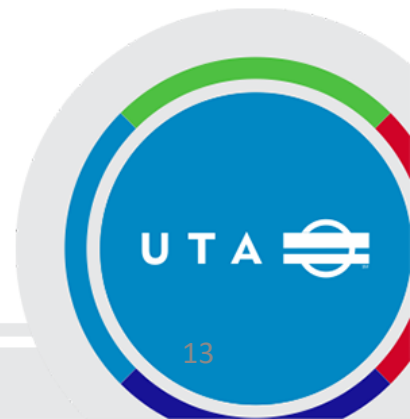
# Internal Audit Charter Updates

- Added responsibility for safety audits
- Added responsibility for retaliation and discrimination investigations
- Removed responsibility for annual risk assessment – performed by the Enterprise Strategy Office since 2021.
- Clarified that the audit process flowchart is “typical” – we do other kinds of projects in addition to what is depicted.



# Recommended Action (by acclamation)

Motion to approve the Internal Audit Charter.



# 2022 Risk Assessment

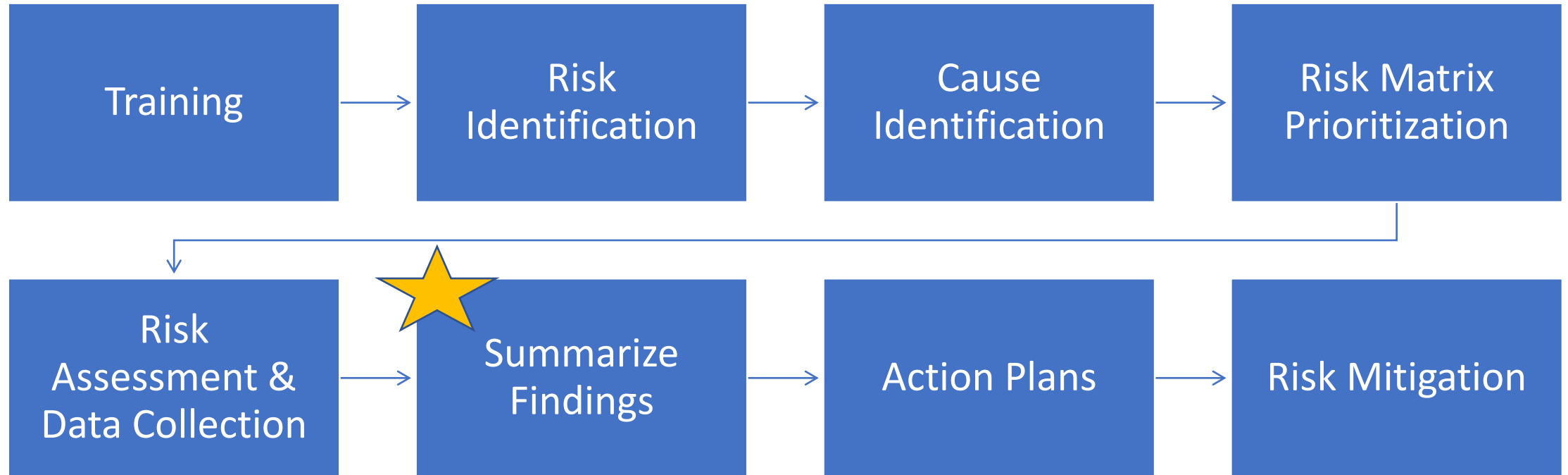


The background is a blurred image of a document. It features a line graph with a solid line and a dotted line. A pen is visible in the upper right corner, appearing to be writing or pointing at the graph. Some numbers are visible on the graph, such as '2.5' and '2.47'.

# 2022 Risk Assessment Report

Data compiled by David Schroeder

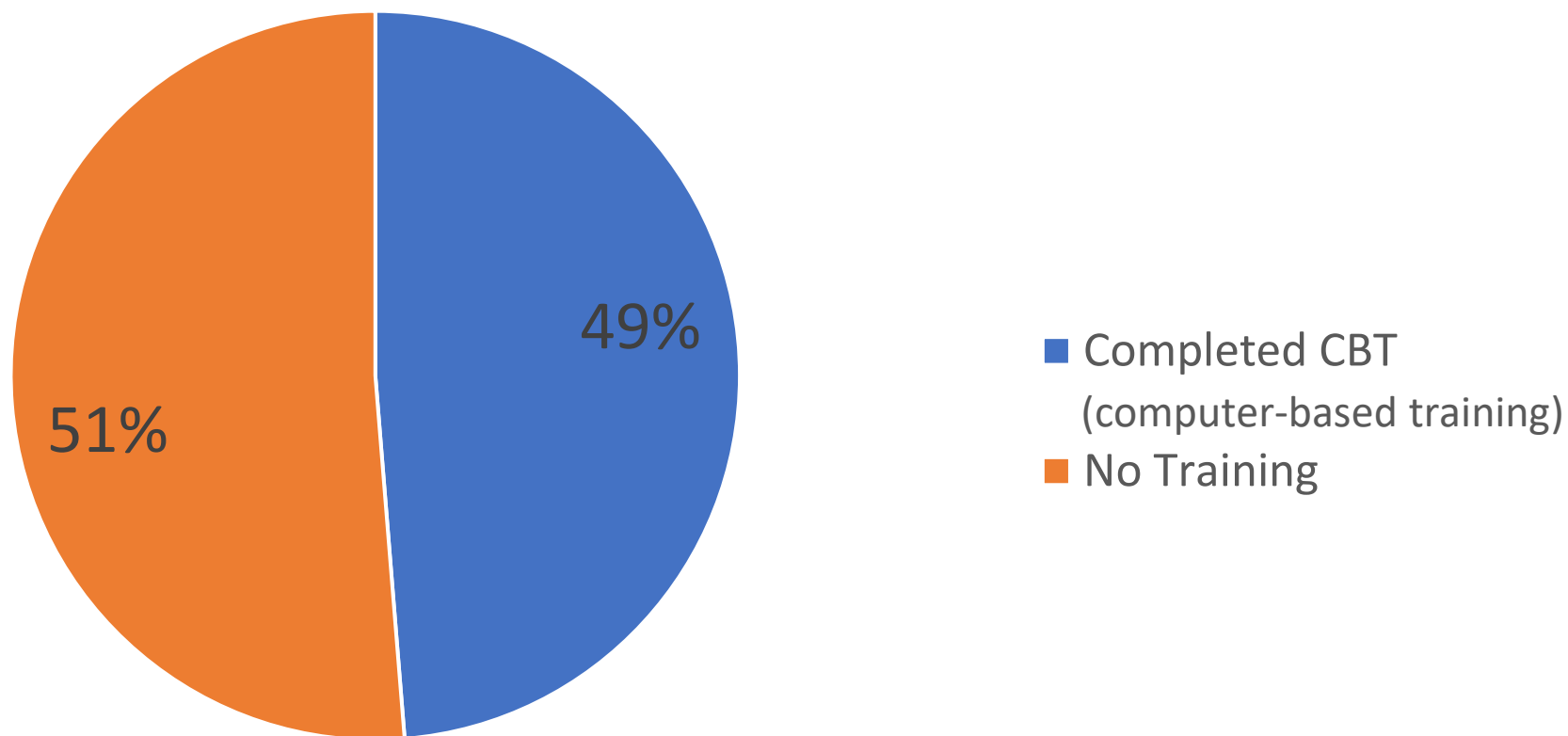
# Process





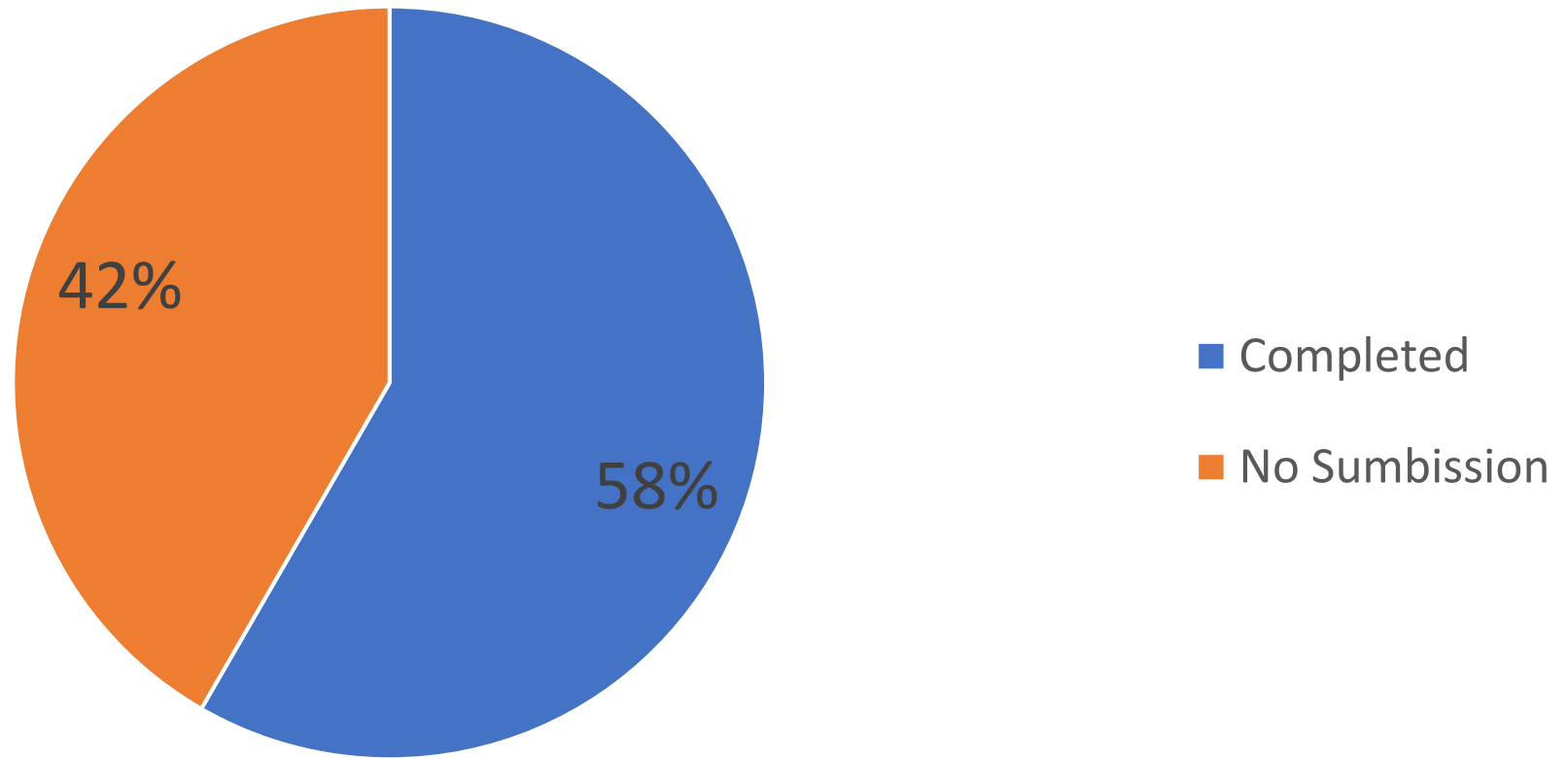
# Training Participation

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# Assessment Participation

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# Risk Assessment Participation Breakdown

	Participation Count	Participation Percent
Executive Team	5/8	62.5%
COO (Chief Operating Office)	17/34	50%
CPEO (Chief Planning & Engagement Office)	2/6	33.3%
CSDO (Chief Service Development Office)	2/13	15.4%
CESO (Chief Enterprise Strategy Office)	6/9	66.7%
CFO (Chief Financial Office)	5/11	45.5%
CPO (Chief People Office)	5/7	71.4%
CCO (Chief Communications Office)	0/2	0%
<b>Total Participation</b>	<b>42/90</b>	<b>46.7%%</b>



# 2022 Recap

## **Successes:**

- Training on Failure Mode Effect Analysis (FMEA) Methodology
- Launched FMEA Risk Assessment
- Captured 209 Risks
- Captured 375 Causes

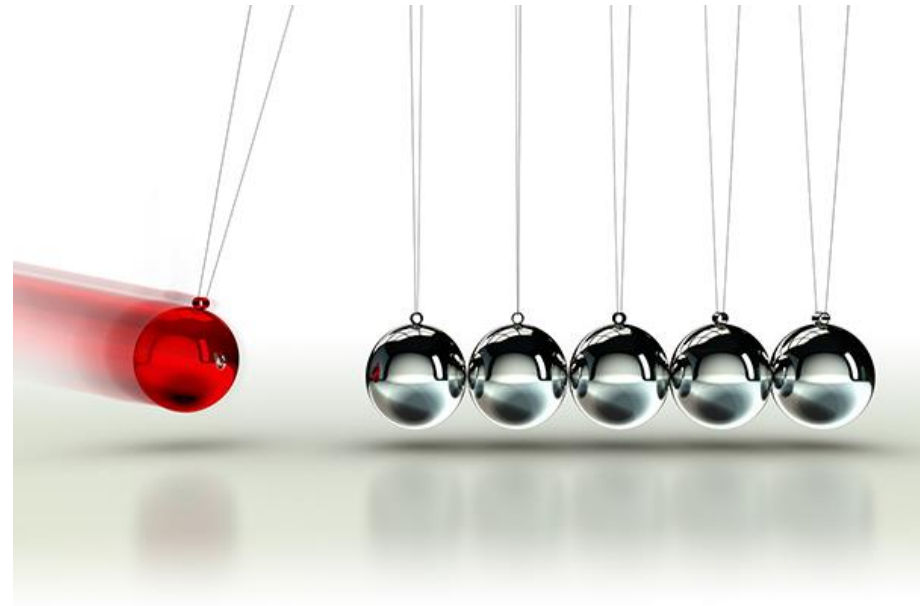
## **Opportunities:**

- Participation
- Understanding of FMEA Methodology
- Inadequate Detections
- Streamline Assessment Process

# Risk Matrix Prioritization

## Potential Impact (Severity)

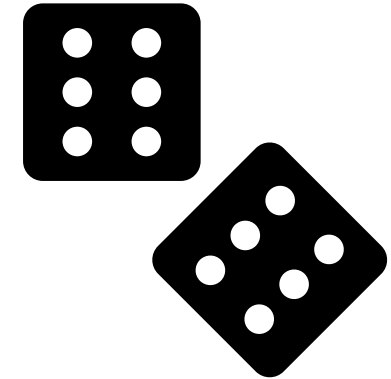
1. Negligible
2. Minor
3. Moderate
4. Significant
5. Major



# Risk Matrix Prioritization

## **Probability of Occurrence of Risk**

1. Rare – Reasonable assumption that an event will not occur.
2. Unlikely – Reasonable assumption that an event will not occur.
3. Possible – Reasonable assumption that an event may occur.
4. Likely – Reasonable assumption that an event will occur.
5. Almost Certain – Reasonable assumption of an impending event.





# Scoring System

- Risks were prioritized utilizing a scoring system. Each Cause was assigned a risk priority number.
- Factors included:
  - Individual ratings of impact (SEV for severity)
  - Individual ratings of likelihood of the risk occurring (OCC for occurrence)

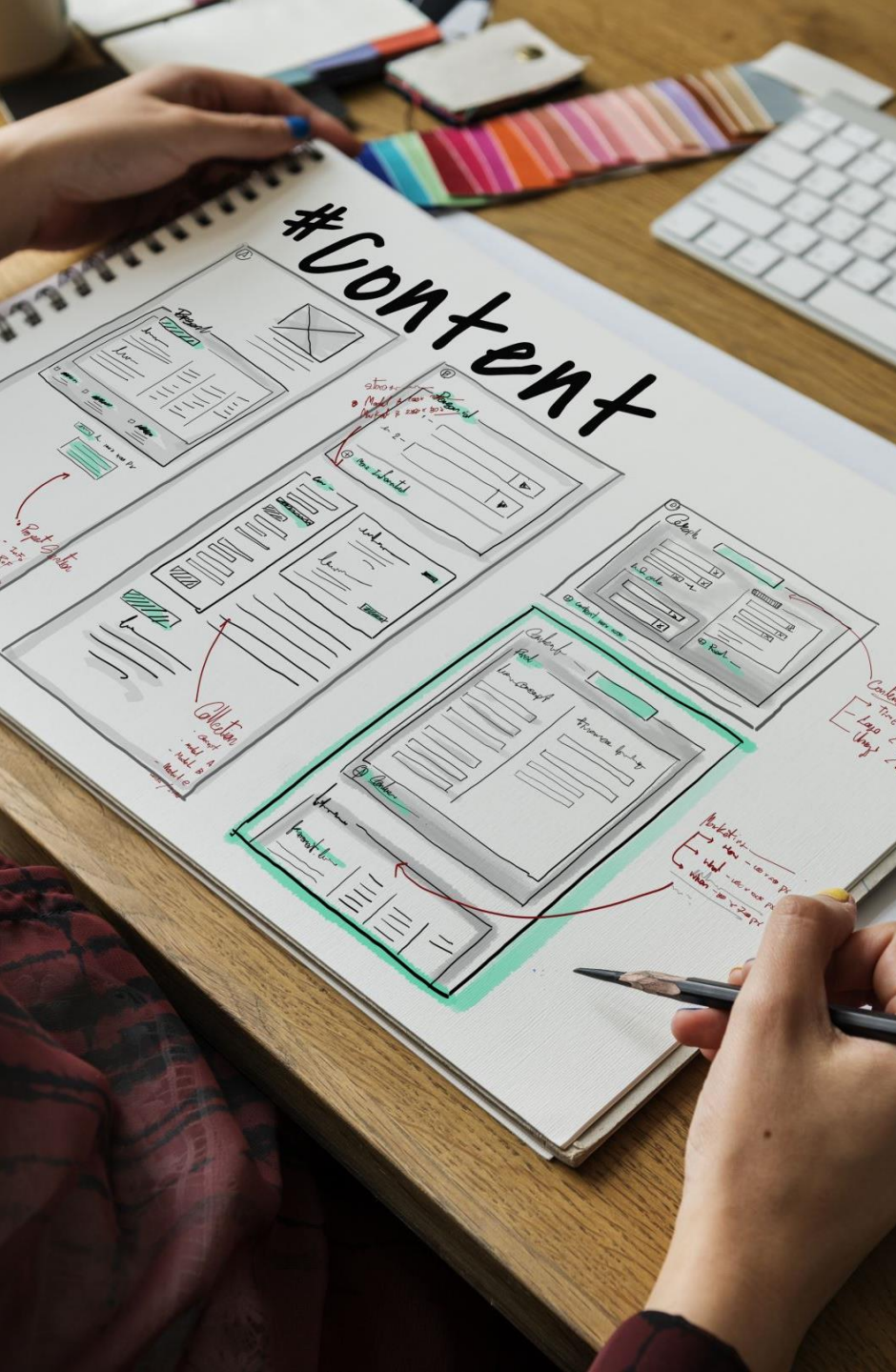
**SEV x OCC = Risk Priority Number (RPN)**

# Top 8 Perceived Risks

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Priority	Identified Causes of Risk
1	Ability to attract needed employees
2	Outdated/unreliable technology
3	Inadequate disaster response capability
4	Poor process execution
5	Vulnerability to cyberattack
6	Impact of poor decision making by leadership
7	Insufficient revenue to meet operational needs
8	Worn out equipment failures





# Next Steps

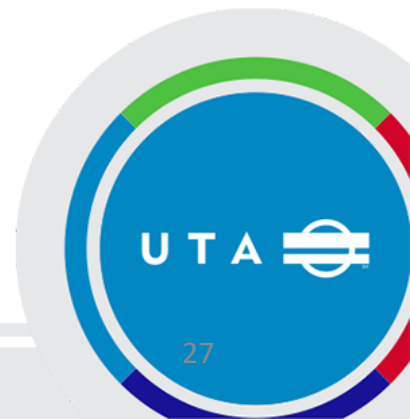
- Understand Risks
- Assign Ownership
- Training Workshops
- Mitigation Planning
- Risk Assessment Preparation

# Internal Audit Update

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



# 2022 Audit Plan Status

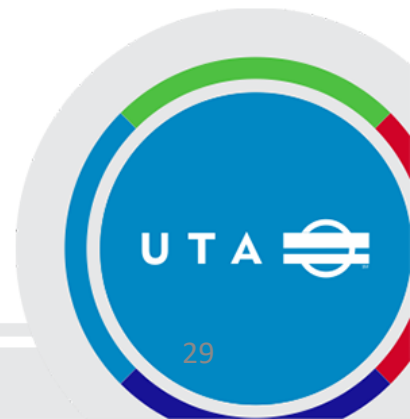


# 2022 Audit Plan Status

Engagement #	Audit Phase Project	Current Status
22-03	Covid Stimulus Spending	Complete
21-04	Bus Operations	In progress
20-02	Transit Oriented Development	Complete



# 2023 Audit Plan Status



# 2023 Audit Plan Status– Continued Projects

Engagement #	Audit Phase Project	Current Status
22-02	Light Rail	Expected start Q4 2023
22-06	Support Fleet	Expected start Q2 2023
21-05	IT General Controls	In progress
20-05	Capital Projects	In progress



## 2023 Audit Plan Status – New Projects

Engagement #	Project Name	Current Status
23-01	Supply Chain Warehousing	Expected start Q3/Q4 2023
23-02	Vehicle Disposal	Expected start Q3/Q4 2023
23-03	1099 Reporting	Expected start Q2 2023
23-04	Transit Communications Center	Expected start Q3 2023



## 2023 Audit Plan Status – Special Projects

Engagement #	Project Name	Current Status
23-05	Vendor Master File Review	Expected start Q1 2023
23-06	Data Analytics	Ongoing
23-07	Policy Process	In progress
23-08	Capitalization Process	Expected start Q3 2023
23-09	Safety Audit	Expected start Q4 2023
23-10	Master Fee List Consulting	In management discussion



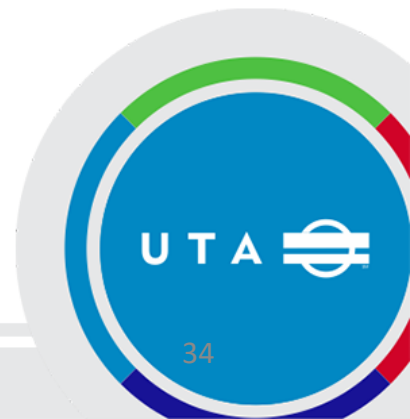


# 2023 Audit Plan Status – Outsourced Projects

Engagement #	Project Name	Current Status
23-11	Recruitment	Vendor selected
23-12	IT Help Desk	Document drafting



# Quality Assurance and Improvement Program (QAIP)

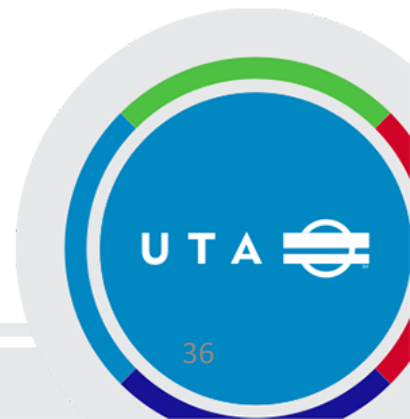


## 2022 QAIP Recommendations

1. Send post-engagement feedback surveys
2. Incorporate COSO framework into risk assessments, governance analysis, and control evaluation.
3. Have staff receive COSO specific training in 2023
4. Provide annual refresher training on core Institute of Internal Auditors (IIA) standards
5. Formally document completed training
6. Update Internal Audit (IA) standard operating procedures (SOP) and create an Equal Employment Opportunity (EEO) investigation SOP
7. Coordinate with other agency assurance activities



# Internal Audit Activities



## Other Internal Audit Activities

- Safety Certification Training
  - Public Transportation Safety Certification Training Program (FTA required)
  - Transit Safety and Security Program
  - Two staff members will get the “rail path” and one “bus path”
- EEO Investigations and related governance
  - 7 investigations completed from 1/1 – 2/9
  - Drafting an SOP to codify procedures

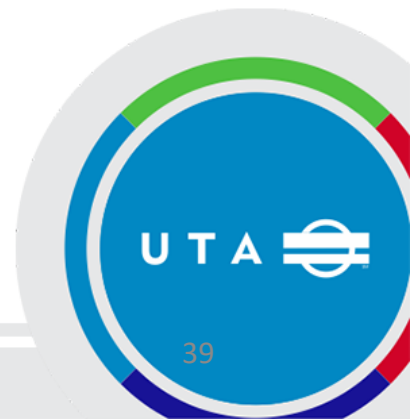


# Internal Audit Review

- a. Limited Scope Assessment of COVID Stimulus Funding



# Limited Scope Assessment of COVID Stimulus Funding



# Engagement Scope

1. Accuracy of drawdown amounts and documentation
2. Allowability of claimed costs
3. Verify that costs were not claimed on other grants
4. Completeness of drawdowns against awarded amount
5. Primary focus was American Rescue Plan Act (ARPA) 5307 amounts





## What We Found

- No material errors in documentation were found
- No unallowable spending was detected
- No material overlap of costs claimed
- No concerns that UTA materially over- or under-drew available funding.



# Other Business

- a. Next Meeting: Monday, June 26, 2023, at 3:00 p.m.



# Adjourn

