

Regular Meeting of the
Utah Transit Authority Audit Committee

Monday, April 12, 2021, 3:00 p.m.
Remote Electronic Meeting – No Anchor Location – Live-Stream at
www.youtube.com/utaride



NOTICE OF SPECIAL MEETING CIRCUMSTANCES DUE TO COVID-19 PANDEMIC:

In keeping with recommendations of Federal, State, and Local authorities to limit public gatherings in order to control the continuing spread of COVID-19, and in accordance with the Utah Open and Public Meetings Act, (Utah Code § 52-4-207.4), the UTA Audit Committee will make the following adjustments to our normal meeting procedures.

- All members of the Audit Committee and meeting presenters will participate electronically via phone or video conference.
- Meeting proceedings may be viewed remotely through YouTube live-streaming.
<https://www.youtube.com/UTAride>

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| 1. Call to Order & Opening Remarks | Chair Carlton Christensen |
| 2. Safety First Minute | Sheldon Shaw |
| 3. Consent | Chair Carlton Christensen |
| a. Approval of February 1, 2021 Audit Committee Meeting Minutes | |
| b. Audit Committee Charter Approval | |
| 4. Internal Audit Update | Ron Ellis |
| 5. Internal Audit Report Review | Ron Ellis |
| a. Capital Projects Preliminary Assessment | |
| 6. Other Business | Chair Carlton Christensen |
| a. Next meeting: Monday, June 21, 2021, 3:00 p.m. | |
| 7. Closed Session | Chair Carlton Christensen |
| a. Discussion regarding deployment of security personnel, devices, or systems. | |
| 8. Adjourn | Chair Carlton Christensen |

Public Comment: Members of the public are invited to provide comment during the public comment period of regular Board of Trustees meetings. Public comment will not be taken at this Audit Committee meeting. General comment may be given online through www.rideuta.com. Comments may also be sent via e-mail to boardoftrustees@rideuta.com.

Special Accommodation: Information related to this meeting is available in alternate format upon request by contacting calldredge@rideuta.com or (801) 287-3536. Request for accommodations should be made at least two business days in advance of the scheduled meeting.

**UTAH TRANSIT AUTHORITY
ELECTRONIC BOARD MEETING DETERMINATION**

Consistent with the Utah Open and Public Meetings Act, (UTAH CODE § 52-4-207 [4]), as the 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:

1. Due to the ongoing COVID -19 pandemic, 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.
2. Federal, state, and local health authorities continue to encourage institutions and individuals to limit in-person interactions.

This written determination takes effect on April 12, 2021, and is effective until midnight on May 11, 2021 and may be re-issued by future written determinations as deemed appropriate.

Dated this 2nd day of April 2021.

DocuSigned by:



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Carlton Christensen, Chair of the Board of Trustees



MEETING MEMO

TO: Utah Transit Authority Audit Committee
FROM: Jana Ostler, Board Manager

AUDIT COMMITTEE MEETING DATE: April 12, 2021

SUBJECT:	Approval of February 1, 2021 Audit Committee Meeting Minutes
AGENDA ITEM TYPE:	Consent
RECOMMENDATION:	Approve the minutes of the February 1, 2021 Audit Committee Meeting.
BACKGROUND:	A regular meeting of the UTA Audit Committee was held electronically and broadcast live on YouTube on Monday, February 1, 2021 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 and video feed is available on You Tube at https://www.youtube.com/utaride
ATTACHMENTS:	1) 2021-02-01_AUDIT_Minutes_UNAPPROVED



Minutes of the Regular Meeting of the
Utah Transit Authority (UTA) Audit Committee
Monday, February 1, 2021, 3:00 p.m.
**held remotely via phone or video conference
and broadcast live for the public via YouTube**

Audit Committee Members Participating:

Carlton Christensen, Chair
Beth Holbrook
Jeff Acerson
Karen Cronin
Troy Walker

Also attending were members of UTA staff.

Call to Order and Opening Remarks. Chair Christensen welcomed attendees and called the meeting to order at 3:04 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.

Safety Minute. Chair Christensen yielded the floor to Sheldon Shaw, UTA Director of Safety & Security for a brief safety message.

Consent. The consent agenda was comprised of:

- Approval of October 19, 2020 Audit Committee Meeting Minutes
- Internal Audit Charter Approval

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

Internal Audit Update. Ron Ellis, UTA Director of Internal Audit, gave an overview of the 2020 Internal Audit Plan. Mr. Ellis reported on phases that were completed and noted that capital projects preliminary assessment, information technology business continuity (outside audit), payroll follow up audit, and accounts payable follow up audit are still in progress or scheduled

for 2021. Several audits currently have open items pending remediation which were included in the presentation slides. Mr. Ellis mentioned only the State of Good Repair, Grants Management, and Budget Management audits.

Mr. Ellis informed the committee that Internal Audit's risk analysis looks at various inputs to identify the best use of their resources. Inputs that are used consist of risk surveys, hotline reports, external factors, financial statement mapping to processes, COSO 2013 Control Assessment/Fraud Checklist, and regulatory requirements. UTA management input was also considered.

The risk analysis impact on the 2021 Audit Plan, along with mitigation strategies, was discussed with key management personnel. The risk analysis identifies new areas of potential risk and provides for the best use of internal resources. It helps provide a risk-informed audit plan identifying where internal audit can add value to the organization.

Member Holbrook asked if the open items would be discussed. Mr. Ellis affirmed that some items would be addressed in this meeting.

2021 Internal Audit Plan Approval. Mr. Ellis informed the committee that the preliminary assessments and audits that are scheduled for 2021 are:

- Utility Costs Preliminary Assessment – February 2021
- Fares Revenue Implementation Follow Up – February 2021
- Payroll Follow Up Audit – March 2021
- Maintenance of Way – Systems Preliminary Assessment – April 2021
- Procurement Contract Management Audit – May 2021
- Bus Training and Operations Preliminary Assessment – June 2021
- Transit Oriented Development – Audit Phase – June 2021
- MOW Infrastructure – Follow Up Phase – August 2021
- Data Access – Audit Phase – August 2021
- Accounts Payable Follow Up Audit – September 2021
- Information Technology General Controls Preliminary Assessment – September 2021
- Fuel Costs Preliminary Assessment – October 2021
- Debt Preliminary Assessment – November 2021

Other services that Internal Audit provides to UTA are:

- Board action items/conflict of interest checks – before each Board of Trustees Meeting
- Ethics office operations – as needed

- Anonymous tip line operation – as needed
- Financial controls – quarterly
- Ethics training – annually
- Financial disclosure reviews – annually

The committee asked questions about preliminary assessments, power usage, and the anonymous tip hotline. Mr. Ellis responded. Discussion ensued.

A motion to approve the 2021 Internal Audit Plan as outlined was made by Member Holbrook and seconded by Member Cronin. The motion carried unanimously.

Internal Audit Report Review.

Grants Management Follow-Up Audit Report. Mr. Ellis turned the time over to Mike Hurst, UTA Senior Internal Auditor. Mr. Hurst reported on the focus of the Grants Management follow up audit which included governance, grant approvals, contracting and payments, procedures for Disadvantaged Business Enterprises, grant accounting, and asset tracking. Mr. Hurst noted that all issues were closed or remediated with one new issue relating to Disadvantaged Business Enterprise being included in the report. The new issue was discovered and corrected by UTA's Civil Rights Department. The time was turned over to Kenya Fail, UTA Manager of Civil Rights Compliance, and Andrew Gray, UTA Civil Rights Compliance Officer.

Ms. Fail reported that the issue was discovered and brought into compliance by Mr. Gray. Certifications of Disadvantaged Business Enterprise were not being processed in a timely manner. Staff was hired to bring the process into compliance and action plans were implemented.

Chair Christensen asked a question about the compliance of Disadvantaged Business Enterprise. Mr. Gray responded.

State of Good Repair Audit Report. Mr. Ellis turned the time over to Lena Shelton, UTA Senior Internal Auditor. Ms. Shelton reported on the focus of the State of Good Repair audit which included governance, data consolidation and reporting, asset management software, continuing SGR control, transit asset management plan, asset data completeness and accuracy, and grant closeout. Ms. Shelton noted that a lot of changes had occurred between the assessment and the audit due to the retirement of the Bentley System making some issues null and void.

Ms. Shelton reported that the TAM plan does not fully align with FTA requirements as it is not fully finalized yet. The plan will be reassessed by Internal Audit when it is finished to identify any potential weaknesses. Ms. Shelton also reported that the SGR inventory records are incomplete, noting that evidence of some inventory was not captured during the migration from the DSI system to JDE. The issue will be remedied in the process moving forward.

The committee asked questions about tracking assets and inventory. Dan Hofer, UTA Manager of State of Good Repair, responded. Discussion ensued.

Budget and Preparation Management Audit Report. Mr. Ellis turned the time over to Mr. Hurst. Mr. Hurst reported on the focus of the Budget Management audit which included operating and capital budget development and finalization, governance, select IT general controls for the operating budget software, and monitoring and control. Four of the six issues from the preliminary assessment phase were cleared. The two issues remaining are budget development policy and budget reviews and accountability. Mr. Hurst turned the time over to Brad Armstrong, UTA Senior Manager of Budget and Financial Analysis.

Mr. Armstrong gave a summary of new SOPs being addressed and the issues are projected to be closed in six months.

Bill Greene, UTA Chief Financial Officer, thanked the audit team and discussed new accountability in analysis.

There were no questions from the committee.

Other Business.

Next Meeting. The next audit committee will be held April 12, 2021 at 3:00 p.m.

Adjournment. The meeting was adjourned at 4:02 p.m. by motion from Member Cronin, with a second by Member Acerson.

Transcribed by Stephanie Withers
Executive Assistant to the Board
Utah Transit Authority

swithers@rideuta.com

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This document is not intended to serve as a full transcript as additional discussion may have taken place; please refer to the meeting materials or audio located at <https://www.utah.gov/pmn/sitemap/notice/653845.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

UNAPPROVED

**UTAH TRANSIT AUTHORITY
ELECTRONIC BOARD MEETING DETERMINATION**

Consistent with provisions of the Utah Open and Public Meetings Act, (UTAH CODE § 52-4-207 [4]), as the 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:

1. Due to the ongoing COVID -19 pandemic, 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.
2. Federal, state, and local health authorities have adopted guidelines which encourage institutions and individuals to limit in-person interactions and recommend increased virtual interactions.

This written determination takes effect on January 27, 2021, and is effective until midnight on February 26, 2021 and may be re-issued by future written determinations as deemed appropriate.

Dated this 22nd day of January 2021.

DocuSigned by:

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Carlton Christensen, Chair of the Board of Trustees



MEETING MEMO

TO: Utah Transit Authority Audit Committee
FROM: Annette Royle, Director of Board Governance
PRESENTER(S): Annette Royle, Director of Board Governance,
Ron Ellis, Director of Internal Audit

AUDIT COMMITTEE MEETING DATE: April 12, 2021

SUBJECT:	Audit Committee Charter
AGENDA ITEM TYPE:	Consent
RECOMMENDATION:	Review and approve the Audit Committee Charter as presented.
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 revised and adopted in February 2020. Since that time there have been no changes or recommendations for modifications. This action is part of the annual review of the charter to insure it remains relevant and reflects current best practices for the committee.
ATTACHMENTS:	1) Audit Committee Charter for the Utah Transit Authority (revised February 2020)

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 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 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

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.



MEETING MEMO

TO: Utah Transit Authority Audit Committee
FROM: Ron Ellis, CIA, CFE, CISA Director Internal Audit
PRESENTER(S): Ron Ellis, CIA, CFE, CISA Director Internal Audit

AUDIT COMMITTEE MEETING DATE: April 12, 2021

SUBJECT:	Internal Audit Update
AGENDA ITEM TYPE:	Discussion
RECOMMENDATION:	Informational report for discussion
BACKGROUND:	The Audit Committee receives information on current internal audit activities.
DISCUSSION:	This is an update on internal audit activities. It includes information on the status of the internal audit plan and open items.
ATTACHMENTS:	None



MEETING MEMO

TO: Utah Transit Authority Audit Committee
FROM: Ron Ellis, CIA, CFE, CISA Director Internal Audit
PRESENTER(S): Ron Ellis, CIA, CFE, CISA Director Internal Audit

AUDIT COMMITTEE MEETING DATE: April 12, 2021

SUBJECT:	Internal Audit Report Review – Capital Projects Preliminary Assessment
AGENDA ITEM TYPE:	Audit Report
RECOMMENDATION:	Informational report for discussion
BACKGROUND:	The Audit Committee engages in a dialogue with the Internal Audit department and Management on audit reports issued by the Internal Audit department to understand the risks identified and management actions planned or already taken.
DISCUSSION:	The Audit Committee will receive information on: <ul style="list-style-type: none">• Capital Projects Preliminary Assessment
ATTACHMENTS:	None



MEETING MEMO

TO: Utah Transit Authority Audit Committee
FROM: Carolyn Gonot, Executive Director
PRESENTER(S): Carlton Christensen, Chair Board of Trustees

BOARD MEETING DATE: April 12, 2021

SUBJECT:	Closed Session
AGENDA ITEM TYPE:	Closed Session
RECOMMENDATION:	Approve moving to closed session for discussion regarding deployment of security personnel, devices, or systems.
DISCUSSION:	<p>Utah Open and Public Meetings Act allows for the Audit Committee to meet in a session closed to the public for various specific purposes. The purpose for this closed session is:</p> <ul style="list-style-type: none">• Discussion regarding deployment of security personnel, devices, or systems.