



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
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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: April 19, 2021

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Carlton J. Christensen
Chair, Board of Trustees

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**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.

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Carlton Christensen, Chair of the Board of Trustees