



Utah Transit Authority

Audit Committee

MEETING MINUTES - Draft

669 West 200 South
Salt Lake City, UT 84101

Monday, December 16, 2024

3:00 PM

FrontLines Headquarters

Present: Chair Carlton Christensen
Beth Holbrook
Bob Stevenson
Jeff Acerson

Remote: Troy Walker

Also attending were UTA staff and interested community members.

1. Call to Order & Opening Remarks

Chair Christensen welcomed attendees and called the meeting to order at 3:03 p.m. He announced this is an in-person, recorded meeting, with live viewing available online.

It was noted Committee Members Troy Walker and Bob Stevenson may join the meeting remotely.

Chair Christensen welcomed Kim Shanklin, UTA's new Chief of Staff who is attending the meeting on behalf of Executive Director Jay Fox.

2. Safety First Minute

Ann Green Barton, UTA Chief People Officer, delivered a brief safety message.

3. Consent

- a. **Approval of September 23, 2024 Audit Committee Meeting Minutes**
- b. **2024 Fraud Risk Assessment**

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

4. Audit Committee Actions

- a. **External Auditor Engagement Letters for 2024 Audits (Crowe LLP)**

Rob Lamph, UTA Comptroller, presented the 2024 Engagement Letters for 2024 external audits, prepared by Crowe LLP. The audits include a financial audit, single audit, pension audit, and agreed upon procedure for National Transit Database (NTD) compliance.

Lamph noted this is the fifth year of a five-year contract with Crowe LLP and UTA will seek RFPs for 2025 external audit services.

Chair Christensen inquired if the audits are standard annual processes. Lamph responded in the affirmative.

Committee Member Bob Stevenson joined the meeting in person at 3:07 p.m.

A motion was made by Trustee Acerson, and seconded by Trustee Holbrook, to approve the External Audit Engagement Letters. The motion carried by unanimous vote.

5. Internal Audit Update

a. Internal Audit Update

- **2024 Audit Plan Status**
- **Other Internal Audit Activities**

Mike Hurst, UTA Director of Internal Audit, provided a status report for audit activities completed or in progress since the last audit committee meeting. Hurst's presentation included reports on the 2024 audit plan, continued projects, new projects, special projects, and other internal audit activities.

Hurst proceeded to review each category including a breakdown of the individual projects, current status, and associated timelines.

Discussion ensued. Questions posed by the committee and answered by Hurst included reporting concerns raised during safety audits, clarification of audit plan timelines, and the transfer of the sales tax review for purchasing card transactions assignment from Internal Audit to another department.

Hurst noted the 2025 audit plan will be presented in the March 2025 audit committee meeting.

Committee Member Troy Walker joined the meeting remotely at 3:15 p.m.

b. Open Issues Report

Internal Audit presented a report detailing open issues tracked by the Audit Committee from April 2021 through September 2024. Hurst explained the report will serve as a planning tool and tracker for both Internal Audit and management and provide visibility and transparency to the committee. Hurst noted there are no concerns with the length of aging issues on the report and progress is being made or there are valid reasons for incompleteness.

Chair Christensen asked Kim Shanklin how improvements and follow up work is being

addressed. Shanklin reported this task has been assigned to the UTA Risk Management department for monitoring and ongoing follow up with the involvement of the executive team and chief officers.

6. Internal Audit Reports

a. Support Fleet Performance Audit Follow-up Report (R-22-06)

Mike Hurst was joined by Dan Hofer, UTA Director of Capital Programs and Support, and Trice Batty, UTA Non-Revenue Vehicle Performance & Maintenance Manager.

The Support Fleet Vehicle Performance audit was completed in 2022. Subsequent follow up audits were completed in 2023 and 2024. Hurst's presentation included audit scope, findings, recommendations, and next steps. Remediation efforts were discussed. As part of the most recent audit, a new recommendation was added stating management needs access to the US Bank system to access support fleet related receipts.

Discussion ensued. Questions pertaining to staff resources, policies, SOPs, training, vehicle optimization, and centralized maintenance, were posed by the committee and answered by staff.

b. 1099 Reporting Follow-up (R-23-03)

Mike Hurst was joined by Vi Miller, UTA Chief Financial Officer, and Rob Lamph to present on the 1099 reporting follow-up.

Hurst reported Internal Audit completed a preliminary assessment of 1099 Reporting, a federal tax reporting requirement, in August 2023 as part of the 2023 Audit Plan. The engagement found compliance issues with reporting for year-end 2022. A follow-up audit was completed in October 2024 and compliance issues were repeated for reporting of year-end 2023.

Hurst discussed the audit scope and findings which included missing 1099 reporting for 34 vendors, the majority of which were medical claims and payments to attorneys. Management has developed action plans to avoid missed reporting in the future.

Discussion ensued on how the oversight occurred and how it will be avoided in the future. Miller stated controls and processes are in place in addition to adequate staffing and resources to manage this reporting. Lamph noted a correction process was enacted and UTA is in good standing with 1099 reporting.

c. Procurement Process Performance Audit (R-24-01)

Mike Hurst was joined by Vi Miller and Todd Mills, UTA Director of Supply Chain, to present the Procurement Process Performance Audit results.

Hurst reviewed the engagement scope, results, and recommendations. It was noted there were no compliance issues with federal regulations.

Recommendations include:

- Procurement department needs to disclose conflicts of interest identified during procurements to the UTA Ethics Officer.
- Outsourced positions should be converted to full-time employees.
- Management should study the procurement department's short and long-term resource needs ahead of the 2026 budget.

Discussion ensued. Questions pertaining to annual disclosures, departmental resources, and staffing needs, were posed by the committee and answered by staff.

7. Other Business

- a. Next Meeting: Monday, March 10th, 2025 at 3:00 p.m.

8. Adjourn

A motion was made by Committee Member Stevenson, and seconded by Trustee Holbrook, to adjourn the meeting. The motion carried by unanimous vote and the meeting adjourned at 4:09 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 or audio located at: <https://www.utah.gov/pmnsitemap/notice/960293.html> for entire content. Meeting video is accessible at: https://rideuta.granicus.com/player/clip/338?view_id=1&redirect=true
This document along with the digital recording constitute the official minutes of this meeting.

Approved Date:

Carlton Christensen
Chair, UTA Audit Committee