

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 ensure 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.
 - e. Review and approve an Internal Audit Charter annually.
- 3) Administrative Matters
- a. Hold regularly scheduled meetings.
 - b. Review the Audit Committee Charter annually and as necessary, recommend Charter revisions to the Board of Trustees for adoption.

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.
- 3) Confidentiality – During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the Utah Transit Authority to maintain the confidentiality of such information.

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 external 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.
3/2024	Audit Committee Charter presented to the Audit Committee for review and approval on 3/11/2024 and to the Board of Trustees for adoption on 3/27/2024. Added confidentiality requirements to member duties and clarified process for annual charter review and revisions as necessary.
3/10/2025	Charter presented to Audit Committee for annual review with no recommended changes.
3/9/2026	Charter presented to Audit Committee for annual review with no recommended changes.