

# UTA Audit Committee Meeting

June 22, 2026

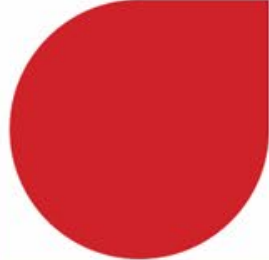
To view the meeting remotely, you may join through the UTA Public Meeting Portal or Zoom.

To view the meeting through the Public Meeting Portal: <https://rideuta.legistar.com/Calendar.aspx>

To view the meeting live on Zoom, register at:

[https://bit.ly/UTA\\_Audit\\_06-22-26](https://bit.ly/UTA_Audit_06-22-26)

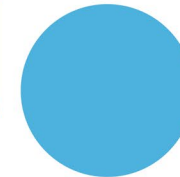




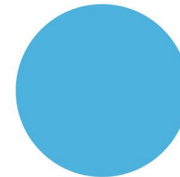
# UTA Audit Committee Meeting

June 22, 2026

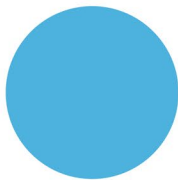
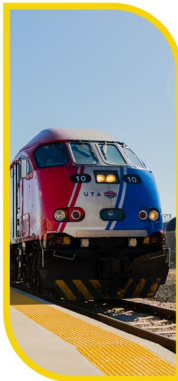
# CALL TO ORDER AND OPENING REMARKS



# SAFETY FIRST MINUTE



# CONSENT



# Consent Agenda

a. Approval of the March 9, 2026, Audit Committee Meeting Minutes

---

## Recommended Action (by acclamation)

Motion to approve the consent agenda.



# AUDIT COMMITTEE ACTIONS



# 2025 UTA Annual Comprehensive Financial Report (ACFR) and National Transit Database (NTD) Agreed upon Procedure Report





# Utah Transit Authority

2025 AUDIT PRESENTATION | June 22, 2026



# Key Engagement Team Members



Brad Schelle – Engagement Signing Partner



Stacy Curnow – Audit Manager



Kathy Lai – Concurring Review Partner



Sam Rust – Audit Senior Staff

# Audit Approach

## Objective

- Express an opinion on the presentation of the financial statements

## New Accounting Standards

- GASB 102 – Certain Risk Disclosures – No Impact



# Timeline

## May – June 2026

Test the financial statements and prepare to issue the audit opinion.

## June 2026

Presentation of results to the Audit Committee

## January 2026

Interim fieldwork, including management interviews and assessment of internal controls.

## April – May 2026

Year-end fieldwork, including substantive audit procedures on year-end balances and fiscal year activity.

## December 2025

Audit planning and risk assessment.



# Audit Deliverables

## Financial Statements

- Independent Auditor's Report
- SAS 114 Letter
- Management Letter

## Compliance

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance
- Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the *State Compliance Audit Guide*
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
- Crowe's electronic certification of the Data Collection Form through Federal Clearinghouse
- Agreed Upon Procedures report on National Transit Database Federal Funding Allocation Statistics Form



# Audit Results

- Unmodified (clean) opinion
- One material weaknesses in internal controls
  - Accounting for capital and subscription assets
- No significant deficiencies in internal controls
- Five deficiencies communicated via the management letter
  - SEFA reporting (recurring)
  - GASB 101 – Compensated absences (recurring)
  - Payment of invoices within 60 days in accordance with Utah State Law (recurring)
  - Grant revenue and receivables
  - Revenue vehicle depreciation (recurring)



## Audit Results (continued)

- Two corrected audit adjustments
  - To transfer capitalizable project expenses from expense to Construction in Progress (CIP). As a result, there was an increase in assets of \$11.6 million and a decrease in 2025 expenses of the same amount.
  - To reverse capitalization of project costs in 2025 that were already capitalized in 2024. As a result, there was a decrease in assets of \$26.0 million and an increase in 2025 expenses of the same amount.

## Audit Results (continued)

- Three waived or uncorrected audit adjustments
  - To transfer completed projects placed into service prior to December 31, 2024 from construction in progress (CIP) to a depreciable capital asset. The impact of waiving this adjustment is that CIP is overstated by \$6.6 million and depreciable capital assets is understated by the same amount. There is no net impact.
  - To correct over-depreciation of assets capitalized in 2025. As a result, capital assets and change in net position are understated by \$20.9 million and 2025 depreciation expense is overstated by the same amount.
  - To true-up accumulated depreciation and depreciation expense of revenue vehicles under the prospective method. As a result, capital assets and change in net position are understated by \$6.5 million and 2025 depreciation expense is overstated by the same amount.
- No observations noted in the NTD testing

# Fraud Considerations

## General:

- Inquiry of management, employees, and Board about risks of fraud - none noted
- Consideration of unusual or unexpected relationships that have been identified in performing analytical procedures in planning the audit - none noted
- Consideration of whether fraud risk factors exist - none noted
- Consideration of other information gathered throughout the audit - none noted

## Fraudulent Financial Reporting Procedures:

- Examination of journal entries and other adjustments for evidence of possible material misstatement due to fraud – no issues noted
- Review of accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates – no issues noted
- Evaluation of the business rationale of significant unusual transactions – no issues noted
- Testing of revenue for proper cut-off – no issues noted

# Other Required Communications

Topic	Comment
Independence Communication	<ul style="list-style-type: none"><li>• We are not aware of any relationship between Crowe LLP and the Authority that, in our professional judgment, may reasonably be thought to impair our independence. We did assist in the preparation of the ACFR, but utilized the trial balance and documents from the Authority to prepare them.</li></ul>
Significant Accounting Policies	<ul style="list-style-type: none"><li>• No new accounting policies</li></ul>
Management's Judgments and Accounting Estimates	<ul style="list-style-type: none"><li>• Fair value of investments</li><li>• Estimated useful lives of capital assets</li><li>• Actuarial assumptions used in net pension liability calculations</li><li>• Loss contingencies</li></ul>
Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices	<ul style="list-style-type: none"><li>• Appropriateness of accounting policies</li><li>• Adequacy of financial statement disclosures</li><li>• Timing of transactions</li><li>• Significant risks, exposures and unusual transactions - None</li><li>• Selective correction of misstatements – None</li></ul>

## Other Required Communications (continued)

Topic	Comment
<p>Other Communications:</p> <ul style="list-style-type: none"><li>• Other Information in Documents Containing Audited Financial Statements</li><li>• Significant Difficulties Encountered During The Audit</li><li>• Disagreements With Management</li><li>• Consultations With Other Accountants</li><li>• Representations The Auditor Is Requesting From Management</li><li>• Significant Issues Discussed, Or Subject To Correspondence, With Management</li><li>• Significant Related Party Findings and Issues</li><li>• Other Finding or Issues We Find Relevant or Significant</li></ul>	No issues noted.

# Emerging Issues



## Implementation 12/31/2026

- GASB 103, *Financial Reporting Model Improvements*
- GASB 104, *Disclosure of Certain Capital Assets*

## Implementation 12/31/2027

- GASB 105, *Subsequent Events*



# Thank You

**Brad Schelle**

Audit Partner

+1 317 208 2551

[brad.schelle@crowe.com](mailto:brad.schelle@crowe.com)

"Crowe" is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. Crowe may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. The Crowe Horwath Global Risk Consulting entities, Crowe Healthcare Risk Consulting LLC, and our affiliate in Grand Cayman are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S. member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit [www.crowe.com/disclosure](http://www.crowe.com/disclosure) for more information about Crowe LLP, its subsidiaries, and Crowe Global. The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit [www.crowe.com/disclosure](http://www.crowe.com/disclosure) for more information about Crowe LLP, its subsidiaries, and Crowe Global. © 2026 Crowe LLP.

---

## Recommended Action (by acclamation)

Motion to approve the 2025 UTA Annual Comprehensive Financial Report and National transit Database Agreed Upon Procedure Report, with amendments to the list of Authority officers and administration.



# INTERNAL AUDIT UPDATE



# Internal Audit Update:

- 2025 Internal Audit Plan Status
- 2026 Internal Audit Plan Status



# 2025 Internal Audit Plan

## Postponed to 2026:

- R-25-06 Drug and Alcohol Compliance
- R-25-13 Construction Audit

## Completed:

- R-25-01 Environmental Governance
- R-25-02 Vanpool\*
- R-25-03 Purchase Card Program
- R-25-04 Video Security
- R-25-05 Special Services Operations
- R-25-07 Buy America Compliance
- R-25-08 Light Rail Safety
- R-25-09 Commuter Rail Safety
- R-25-10 Mount Ogden Bus Maintenance
- R-25-11 Assurance Map
- R-25-12 Bus Safety\*
- R-25-14 IT Physical Security\*
- R-25-15 Job Description Process\*

# 2026 Internal Audit Plan

Plan Year: March 2026-February 2027

## Completed:

- R-26-01 Customer Support Governance\*
- R-26-08 Light Rail Safety\*

## 2025 carryover audits:

- R-25-06 Drug and Alcohol Compliance (not initiated)
- R-25-13 Construction Audit (initiated)

## Pending Engagement (not initiated):

- R-26-02 Capital Asset Accounting
- R-26-03 IT System Key Control
- R-26-04 Federal Funding Compliance
- R-26-05 Real Estate Limited Scope
- R-26-06 Claims Governance
- R-26-07 Accounting Separation of Duties
- R-26-09 Commuter Rail Safety
- R-26-10 Sole Source Procurement

# Open Issues Report



## Summary of Recent Activity

### Open Issue Status since March 9, 2026 Audit Committee:

- Closed Issues = 8 findings
- Open Issues = 34 findings between April 2021 – March 2026
- New Issues (June 2026 Committee reports) = 18 new findings



## Open Issues by Audit Plan Year

Audit Plan Year	Current Count of Open Issues	Count of Open Issues March 2026	Change
2020	2	2	0
2021	3	5	-2
2022	1	3	-2
2023	6	9	-3
2024	1	1	0
2025	21	22	-1
<b>Total</b>	<b>34</b>	<b>42</b>	<b>-8</b>



## Issues Closed Since Last Audit Committee Meeting

- Issue R-21-04 Bus Operations and Safety - Securement Training
- Issue R-21-06-06 Fuel Costs – Pre- and Post-Fueling Checklists
- Issue R-22-06-02 Support Fleet – Policies and Procedures
- Issue R-22-06-03 Support Fleet – Opportunities to Right-Size Support Fleet
- Issue R-23-11-C Recruitment – Performance Indicators (*management accepts risk*)
- Issue R-23-11-E Recruitment – Leadership Strategy Sessions
- Issue R-23-11-G Recruitment – Process Expectations (*management accepts risk*)
- Issue R-25-05-05 Special Services – Employee Licensing Records



# Issues Reviewed and Remaining Open Since Last Audit Committee Meeting

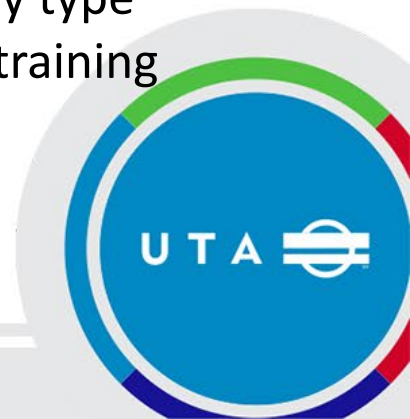
## 23-03 1099 Reporting

- Issue R-23-03-01 Required 1099 Forms were not issued
- Issue R-23-03-02 Claim Vendors, Physicians and Attorneys were not sent a 1099

## Current Status:

Follow-up audits with a CPA conducted in 2023, 2024 and 2025 identified continuous improvement opportunities. Internal Audit has made additional recommendations:

- Management should consider outsourcing 1099 reporting to an accounting firm
- If Management does not outsource 1099 reporting, they should consider:
  - ✓ Specialty software to assist with 1099 compliance
  - ✓ Review the Supplier Master Information table within JD Edwards to ensure correct entity type
  - ✓ Employees responsible for preparing Form 1099 should attend extensive and recurring training on compliance



# INTERNAL AUDIT REPORTS



# Vanpool Operations Audit Report (25-02)



# Audit Scope



- Period of Review: January 1, 2022 – October 31, 2025
- Governance
- Risk Management
- Vehicle Maintenance
- Customer Experience
- Accounting Practices



# Audit Results: Issues Identified

- 25-02-01: Overdue reviews of job descriptions from test sample.
- 25-02-02: Standard of procedure (SOP) update needed.
- 25-02-03: RidePro software access for administrators.
- 25-02-04: Accounts Receivable process lacks separation of duties.
- 25-02-05: Incorrect billing amounts in tested sample.
- 25-02-06: Inaccurate route mileage in tested sample.
- 25-02-07: Accounting expense misstatements.
- 25-02-08: Accounting revenue misstatements.
- 25-02-09: Documentation retention and recordkeeping.



## Audit Results: Recommendations (1 of 2)

- 25-02-01: Review job descriptions and make updates as necessary while working with the People Office.
- 25-02-02: Review SOPs and make updates as necessary.
- 25-02-03: Review all RidePro users for needed access, require supervisory approval for access changes, design role-based access, and incorporate periodic review of RidePro users.
- 25-02-04: Implement system of formal separation of duties with compensating controls when full separation is prevented.



## Audit Results: Recommendations (2 of 2)

- **25-02-05:** Establish a formal review and reconciliation process of monthly invoices and periodically review Vanpool rate tables.
- **25-02-06:** Conduct review of Vanpool route mileage to ensure accuracy.
- **25-02-07:** Implement reconciliation procedures to detect expense misstatements.
- **25-02-08:** Implement reconciliation procedures to detect revenue misstatements.
- **25-02-09:** Reconcile data for Vanpool drivers and training. Establish standards for documenting exceptions, operational decisions, and Vanpool financial records.



# Bus Safety Audit Report (25-12)



# Audit Background



- The audit was performed by the American Public Transportation Association (APTA) in June 2025
- Audit topics included:
  - Employee safety
  - System-wide maintenance programs
  - Project safety and security certification
  - Data Management
  - Employee training
  - Hazard management
  - Safety communication



# Audit Results

- UTA was found to be compliant with all aspects of the APTA Audit Topics
  - **0 Nonconformance findings**
- APTA suggested several continuous improvement opportunities that are strictly recommendations and have no response requirements
  - **27 Recommendations listed**
- Following UTA's Transit Agency Safety Plan (TASP), each recommendation was reviewed, rated, and assessed using UTA's Hazard Management Process
  - **17 Recommendations** will be pursued for improvement
  - **10 Recommendations** (all rated low risk) were reviewed, documented, and closed with no further action
  - Completion Target:
    - **15 Recommendations** by December 2026
    - **2 Recommendations** by April 2027

# Recommendations currently open

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
General Recommendations 5	Perform assessment of current organizational safety resources.	<b>C3 MED</b>	12/31/2026	Safety	In-process
Safety 7	Review current bus industry accident/incident investigation recommended practices and update procedures.	<b>B3 Serious</b>	12/31/2026	Safety	In-process
Safety 8	Assess current resources designated to the bus accident and incident investigation process and ensure that staff allocation and training are sufficient.	<b>A4 Med</b>	12/31/2026	Safety	In-process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Safety 9	Designated personnel responsible for accident and incident investigators attend the “Bus Accident Investigation” course.	<b>A4 Med</b>	12/31/2026	Safety	In-process
Safety 12	Safety develop an internal safety audit program for bus that aligns with the process established in the Rail division.	<b>E3 Med</b>	12/31/2026	Safety	In-process
Safety 14	Recommends an operational hazard analysis be completed on the Timpanogos BRT line (UVX) as part of an ongoing assessment process.	<b>C3 Med</b>	12/31/2026	Safety & Operations	In-process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Human Resources/ Labor Relations 4	Recommends development of a formalized Hours of Service (HOS) policy for Bus that is consistent with UTA's rail practices and industry standards.	<b>C3 Med</b>	12/31/2026	Operations & Human Resources	In-process
Security 3	Recommends initiating security measures similar to rail facilities vulnerability assessment results to address bus facilities identified with system vulnerabilities.	<b>C2 Serious</b>	4/1/2027	Security	In-Process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Operations 2	Recommends that UTA do an assessment to see if the 10-minute pre-trip inspection is still sufficient given the scope of vehicle equipment to be inspected prior to going into revenue service.	<b>D4 LOW</b>	4/1/2027	Safety & Operations	In-Process
Operations 4	Recommends that Bus Operations managers review best practices for fatigue management, including route scheduling, HOS and fitness-for-duty checks.	<b>D3 Med</b>	12/31/2026	Operations & Human Resources	In-process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Operations 5	Bus assess adopting a rules observations and compliance program as currently applied in the Rail division.	<b>E4 Low</b>	12/31/2026	Operations	In-Process
Capital Projects 2	Consider safety and security certification process based on the project assessment of potential safety hazards and risk.	<b>D3 Medium</b>	12/31/2026	Safety and Fleet Engineering	In-process
Facilities Maintenance 4	At a minimum, it is recommended that maintenance staff receive OSHA safety training courses applicable to their responsibilities.	<b>B3 Serious</b>	12/31/2026	Safety & Training	In-process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Vehicle Maintenance Training 2	Maintenance staff should receive OSHA safety training courses applicable to their responsibilities.	<b>B3</b> <b>Serious</b>	12/31/2026	Safety & Training	In-process
Facility Tours 2	Assessment of each Bus facility be conducted to ensure that safe practices are being followed to support the BEB fleets and that they align with upcoming APTA standards.	<b>1E</b> <b>Medium</b>	12/31/2026	Safety and Vehicle Maint.	In-process

APTA Safety Element #	Summary	Ranking	To Be Completed On or Before	Assigned Responsibility	Element Status
Facility Tours 3	Recommends that UTA conduct a follow-up assessment of Ogden's maintenance facility battery storage practices and initiate recommendations as applicable to ensure consistent compliance with regulatory requirements.	<b>1E Medium</b>	12/31/2026	Safety and Vehicle Maint.	In-process
Facility Tours 4	Conduct a Job Hazard Analysis (JHA) and provide additional training on safe practices as well as troubleshooting on BEBs (as warranties are expiring).	<b>E4 Low</b>	12/31/2026	Safety & VM	In-process

# Light Rail Safety Audit Report (26-08)



# Audit Scope



- Period of Review: January 1, 2025 – December 31, 2025. Other periods reviewed as necessary.
- Audit topics:
  - Authority and policy Statement
  - Overview of Management Structure
  - Hazardous Materials Program
  - Internal Safety Audit/Review Program
  - Safety Data Collection and Analysis
  - Facilities, Structures, and Equipment Inspections
  - Maintenance Audits and Inspection Program
  - TASP Implementation Activities and Responsibilities
  - Local, State, and Federal Requirements
  - Threat and Vulnerability Identification, Assessment and Resolution
  - Implementation and Evolution of the System Security Plan (SSP)
  - Modification of the SSP



## Audit Results

- Internal Audit completed the audit on June 5, 2026.
- A report was issued to the UTA Director of Safety and Security
- The report was limited to observations with no recommendations
- It is the decision of the State Safety Oversight (SSO) and Safety Department what observations to address and how to address them. The Federal Transit Administration reviews the results of the audit and how findings are addressed.



# Audit Results

- Findings of Compliance with Recommendations
  - IA found that a number of operations and maintenance personnel were not aware of who the Light Rail Safety Administrator is. IA recommends that the Safety Department identify ways to make the Light Rail staff aware of who the Safety Administrator is through regular contact.
  - Currently have two versions of the Transit Agency Safety Plan (TASP), one adopted in 2024 and a 2026 version awaiting approval from the JLMSC at which point it will be adopted. IA recommends that the 2026 TASP be approved by the JLMSC and adopted.
  - Safety Department find ways to make the Light Rail staff aware of where to locate hazardous material information within the UTA SharePoint website.



# Audit Results Continued

- IA recommends that Safety identify ways to make the OSHA injury/illness log more readily available to all members of management, and/or create a centralized distribution list.
- The auditor noted that the System Security Plan (SSP) could be improved by adding more specific instructions on how to evaluate the severity of issues in determining whether a CAP is necessary and recommends that Security take steps to develop and include these instructions in the SSP.



# Information Technology Physical Environment and Security Audit Report (25-14)



# Audit Scope



- Period of Review: January 1, 2025 – Feb 28, 2026
- Audit topics:
  - Oversight & Governance
  - Design & Implementation of Physical Security
  - Design & Implementation of Environmental Security



# Audit Results: Issues Identified

- 25-14-01: Resolve access issues for certain data critical areas.
- 25-14-02: Update Enterprise-wide IT disaster recovery plan.
- 25-14-03: Update contract with the University of Utah to current contract standards.



# Audit Results: Recommendations

- **25-14-01:** Perform a comprehensive review, and implement periodic reviews of system access; work with the vendor to correct naming inconsistencies and establish standardized naming conventions.
- **25-14-02:** Review, update, and formally approve emergency response plans to ensure they remain current and effective, including a periodic review to maintain industry standards compliance.
- **25-14-03:** Review and update the agreement with the University of Utah to incorporate current business, operational, physical security, and information security requirements, including clearly defined service expectations and responsibilities.



# Job Description Process Audit Report (25-15)



# Audit Scope



- Period of Review: January 1, 2025 – December 31, 2025
- Verify overall governance of job descriptions process and documents.



# Audit Results: Issues Identified

- 25-15-01: Policy update needed. Last revision to policy document was conducted in 2017.
- 25-15-02: Standard of procedure (SOP) update needed. Last revision to SOP document was conducted in 2018.
- 25-15-03: Overdue reviews of administrative job descriptions from test sample.



# Audit Results: Recommendations

- **25-15-01:** that management review UTA policy and ensure an update includes current procedures to review job descriptions, current department titles, and defined responsibility for the process.
- **25-15-02:** that management review standards of procedure and document current practices.
- **25-15-03:** that management define a job description review schedule, prioritize review of descriptions that are overdue, and create tracking alerts for management when descriptions are to be reviewed.



# Customer Support Governance Audit Report (26-01)



# Audit Scope



- Period of Review: January 1, 2025 – March 31, 2026
- Audit topics:
  - Governance
  - Risk Management



## Audit Results: Issues Identified

- 26-01-01: Standards of Procedure require update and development.
- 26-01-02: Sample of Customer Support job descriptions do not accurately describe prioritized responsibilities.
- 26-01-03: Employee training documentation was incomplete during the reporting period.



## Audit Results: Recommendations

- **26-01-01:** that management organize and develop standards of procedure to address responsibilities in UTA Call Center, Lost and Found management, Customer Support for Passes and Fares, Service Alerts, and UTA's Ambassador Program.
- **26-01-02:** that management review department job descriptions to include accurate duties and supervision of prioritized responsibilities.
- **26-01-03:** that management transfer all training content and documentation into the Workday system and periodically review training records to verify accuracy.



# ADJOURN

