Utah Transit Authority

Audit Committee

REGULAR MEETING AGENDA

669 West 200 South
Salt Lake City, UT 84101

Monday, March 9, 2026 **3:00 PM** **FrontLines Headquarters**

The UTA Audit Committee will meet in person at UTA FrontLines Headquarters (FLHQ) - 669 West 200 South, Salt Lake City, Utah 84101

1.	**Call to Order & Opening Remarks**	Chair Carlton Christensen
2.	**Safety First Minute**	Beth Holbrook
3.	**Consent**	Chair Carlton Christensen
	a. Approval of the December 15, 2025 Audit Committee Meeting Minutes	
	b. Audit Committee Charter Approval	
4.	**Audit Committee Actions**	
	a. 2026 Internal Audit Charter Approval	Mike Hurst
	b. 2026 Internal Audit Plan Approval	Mike Hurst
5.	**Internal Audit Update**	
	a. Internal Audit Update - 2025 Internal Audit Plan Status	Mike Hurst
	b. 2025 Internal Audit Quality Assurance Review Results	Mike Hurst
	c. 2025 Fraud Risk Assessment	Mike Hurst
	d. Open Issues Report - March 2026	Mike Hurst
6.	**Internal Audit Reports**	
	a. Video Security Audit Report (25-04)	Mike Hurst Johanna Goss Cody Steffensen

7. Other Business Chair Carlton Christensen

a. Next Meeting: Monday, June 22, 2026 at 3:00 p.m.

8. Adjourn Chair Carlton Christensen

Meeting Information:

- Special Accommodation: Information related to this meeting is available in alternate formats upon request by contacting adacompliance@rideuta.com or (801) 287-3536. Requests for accommodations should be made at least two business days in advance of the scheduled meeting.
- Meeting proceedings may be viewed remotely by following the meeting video link on the UTA Public Meeting Portal - https://rideuta.legistar.com/Calendar.aspx or via Zoom at https://bit.ly/UTA_Audit_03-09-26
- In the event of technical difficulties with the remote connection or live-stream, the meeting will proceed in person and in compliance with the Open and Public Meetings Act.
- Public Comment will not be taken at this meeting, but general comment may be given online through https://www.rideuta.com/Board-of-Trustees. Comments may also be sent via e-mail to boardoftrustees@rideuta.com.
- Meetings are audio and video recorded and live-streamed.
- Motions, including final actions, may be taken in relation to any topic listed on the agenda.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
FROM: Curtis Haring, Board Manager
PRESENTER(S): Chair Carlton Christensen

TITLE:

Approval of the December 15, 2025 Audit Committee Meeting Minutes

AGENDA ITEM TYPE:
Minutes

RECOMMENDATION:
Approve the minutes of the December 15, 2025 Audit Committee meeting.

BACKGROUND:
A meeting of the UTA Audit Committee was held in person at UTA Frontlines Headquarters and broadcast live via the UTA Public Meeting Web Portal on Monday, December 15, 2025 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 <https://www.utah.gov/pmn/sitemap/notice/1044335.html> video feed is available through the UTA Public Meeting Portal <https://rideuta.legistar.com/MeetingDetail.aspx?ID=1243590&GUID=311146B0-59A0-4A72-9F13-A33443755C10>.

ATTACHMENTS:
- 2025-12-15_AUDIT_Minutes_Unapproved

Utah Transit Authority

Audit Committee

MEETING MINUTES - Draft

669 West 200 South
Salt Lake City, UT 84101

Monday, December 15, 2025 **3:00 PM** **FrontLines Headquarters**

Present: Chair Carlton Christensen
Jeff Acerson
Bob Stevenson
Natalie Hall
Beth Holbrook

Also attending were UTA staff and interested community members.

1. Call to Order & Opening Remarks

Chair Carlton Christensen welcomed attendees and called the meeting to order at 3:00 p.m.

2. Safety First Minute

Ann Green-Barton, UTA Chief People Officer, delivered a brief safety first minute.

3. Consent

a. Approval of September 22, 2025 Audit Committee Meeting Minutes

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

4. Audit Committee Actions and Reports

a. External Financial Auditor Recommendation

Rob Lamph, UTA Comptroller, recommended the selection of Crowe, LLP as the agency's external financial auditor for an initial three-year term, with two one-year options, for a maximum contract period of five years.

A motion was made by Trustee Acerson, and seconded by Council Member Hall, that this recommendation be approved. The motion carried by a unanimous vote.

Council Member Bob Stevenson joined the meeting at 3:10 p.m.

b. Draft External Auditor Engagement Letters for 2025 Audits (Crowe LLP)

Rob Lamph reviewed the proposed draft engagement letters with Crowe LLP for UTA's 2025 external financial audit, pension audit, single audit, and National Transit Database agreed upon procedure. Staff has proposed that Crowe be contracted for a period of

up to five years. Each audit year, Crowe LLP will issue an updated engagement letter that reflects changes in the evolving audit and legal environment, as well as any new requirements in effect at the time the letter is issued.

After some technical difficulties, Brad Schelle from Crowe LLP joined by phone. He expressed appreciation and gratitude to be able to work with UTA. He would like to continue working with UTA on their auditing needs. These comments were given following 4. d. 2025 Agency Risk Assessment Report.

c. 2025 Internal Audit Plan Amendment Approval

Mike Hurst, UTA Director of Internal Audit, is proposing the following projects be added to the 2025 Internal Audit Plan:

- 25-14 Information Technology Physical and Environmental Security Audit
- 25-15 Job Description Process Audit

A motion was made by Trustee Holbrook and seconded by Council Member Stevenson to approve the 2025 Internal Audit Plan Amendment, as presented. The motion carried by a unanimous vote.

d. 2025 Agency Risk Assessment Report

Christie Giles, UTA Enterprise Risk Management Administrator was joined by Alisha Garrett, UTA Chief Enterprise Strategy Officer and explained the Agency Risk Assessment that is performed every two years. The assessment captures perceived risks from UTA leaders with at least one direct report. It helps UTA identify areas to explore for deeper understanding and possible remediation to support the achievement of strategic objectives.

- UTA risk levels are perceived as being 17% higher overall than in 2023. They are rated overall as “moderate.” This exceeds UTA’s desired low-moderate risk appetite.
- UTA risk controls are perceived as slightly less effective than in 2023. They are rated overall as “partially or moderately effective.”
- Level 1, 2 and 3 risk categories were identified and are being used to inform UTA leadership priorities. During 2026-27, under the direction of the Executive Director, the Executive Team will implement a coordinated approach to reduce the top risks impacting employee workload.

Questions were asked about the following topics:

- Awareness vs. understanding of risks
- Computer hardware and software risks
- Employee safety training

Staff reassured the committee that all of these topics are being assessed as risk factors. With the current move to newer software platforms such as Workday and Trapeeze, the software security risks will be lowered. Next year more focus will be given to

employee safety training.

5. Internal Audit Update

a. Internal Audit Update

- **2025 Internal Audit Plan Status**
- **Update on progress of outsourced audit 25-12 Bus Safety Audit**
- **Update on progress of outsourced audit 25-13 Construction Audit**

Mike Hurst, UTA Director of Internal Audit gave an update on ongoing internal audit projects, including those included in the 2025 Audit Plan.

b. Open Audit Recommendations Report - December 2025

Mike Hurst gave a summary review of activity around closed and outstanding issues since the last report at the Audit Committee meeting on September 22, 2025.

Questions regarding open issues from 2020 and 2021 were posed by the committee and answered by Hurst. A request was made for more information on the open audit recommendations dating back to 2021.

6. Internal Audit Reports

a. Environmental Governance Audit (25-01)

Mike Hurst, Johanna Goss, UTA Senior Internal Auditor and Patti Garver, UTA Manager Environmental Compliance & Sustainability, reported observations and recommendations from the audit. The audit found clearer policies are needed to establish governance over high-priority issues.

b. Commuter Rail Safety Audit (25-09)

Mike Hurst, Luke Barber, UTA Sr. Internal Auditor, and Travis King, UTA Director of Safety and Security, reported on the completion of the audit, which included several observations, including the status of emergency preparedness plans, and findings of non-compliance regarding storage, labeling and handling of several chemicals.

Questions regarding safety plans and plans to address findings of non-compliance were posed by the committee and answered by staff.

c. Mount Ogden Bus Maintenance Audit Report (25-10)

Mike Hurst and Camille Glenn, UTA Regional General Manager Salt Lake and Mt. Ogden Service Units reported on observations and recommendations from the audit, including

governance, risk management activities of the department, and timeliness of the performance of preventative maintenance on buses. They noted bus inspections occur every 5,400 to 6,000 miles.
A question regarding types of vehicles in the fleet and their impact on the testing outcomes was posed by the committee and answered by staff.

d. Buy America Compliance Audit (25-07)

Mike Hurst and Kyle Stockley, UTA Director of Capital Vehicles, reported on observations and recommendations from the audit. Buy America applies to any UTA infrastructure or rolling stock procurement that has a federal funding component. Audit topics comprised of governance, risk management, procedures and controls.

7. Other Business

a. Next Meeting: Monday, March 9th, 2026 at 3:00 p.m.

8. Adjourn

A motion was made by Council Member Stevenson, and seconded by Trustee Holbrook, to adjourn the meeting. The motion carried by unanimous vote and the meeting adjourned at 4:37 p.m.

Transcribed by Cherilyn Bradford
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/pmn/sitemap/notice/1044335.html for entire content. Meeting materials, along with a time-stamped video recording, are also accessible at https://rideuta.granicus.com/player/clip/363.

This document along with the digital recording constitute the official minutes of this meeting.

Approved Date:

_____
Carlton J. Christensen
Chair, Board of Trustees

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
FROM: Annette Royle, Chief of Board Strategy and Governance
PRESENTER(S): Jana Ostler, Director of Board Governance

TITLE:

Audit Committee Charter Approval

AGENDA ITEM TYPE:
Audit - Approval

RECOMMENDATION:
Review and approve the UTA 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 and the current Audit Committee Charter also require the Audit Committee to function under the terms of an Audit Committee Charter reviewed annually.

DISCUSSION:
The UTA Audit Committee Charter was last updated and approved by the Audit Committee and Board of Trustees in March 2025. The charter is required to be assessed annually for its adequacy by the Audit Committee.

UTA's Audit Committee Charter was initially drafted to align with requirements set by the Utah State Auditor's Office and Utah's Public Transit District Act. At this time, we are not recommending any revisions and the Audit Committee Charter being presented for review has no modifications from the previously approved version.

ALTERNATIVES:
The committee may make suggestions for revisions to the charter.

FISCAL IMPACT:
None

ATTACHMENTS:
Audit Committee Charter for the Utah Transit Authority

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.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy and Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

2026 Internal Audit Charter Approval

AGENDA ITEM TYPE:
Audit - Approval

RECOMMENDATION:
Review and approve the revised Internal Audit Charter as presented.

BACKGROUND:
The Audit Committee Charter (mandated by the Authority's Bylaws) requires an Internal Audit Charter to be reviewed and approved annually by the Committee. The Internal Audit Charter is a written document that sets the authority, scope, and standards of the Internal Audit function. The Charter is reviewed annually, and changes are presented to the Audit Committee for approval.

DISCUSSION:
The Internal Audit Charter has been updated to document the role the Director Internal Audit has as a member of the Ethics Committee. The Global Internal Audit Standards, published by the Institute of Internal Auditors, prohibits an internal audit function from auditing any area that it has responsibility over. Accordingly, the Charter is updated to document this firewall.

ALTERNATIVES:
The Audit Committee may reject the proposed changes and/or make requests for further revisions to the Charter.

FISCAL IMPACT:
Not applicable

ATTACHMENTS:
2026 Internal Audit Charter Redline

INTERNAL AUDIT CHARTER

FOR THE UTAH TRANSIT AUTHORITY

The Board of Trustees ("Board") has established the Internal Audit Department ("Internal Audit") within the Board Strategy and Governance office as a key component of the Utah Transit Authority's ("UTA") governance framework.

This Internal Audit Charter serves as a framework for Internal Audit in the performance of its duties and is intended to provide a basis for the Chief of Board Strategy and Governance to evaluate the Internal Audit function.

The components of this Internal Audit Charter include:

- Mandate
- Scope of Work
- Responsibilities
- Audit Plan
- Reporting
- Independence and Authority
- Standards of Audit Practice

MANDATE

The mandate of Internal Audit is to improve UTA's operations and systems of internal controls and add value through independent, objective assurance, and consultative support. Internal Audit helps UTA accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance activities and processes.

SCOPE OF WORK

The scope of Audit coverage is organization-wide including all departments and business units of UTA.

To fulfill its mandate, Internal Audit assesses whether UTA's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in areas such as:

- Risk identification and management
- Operational control
- Accurate, reliable, and timely financial, managerial and operating information
- Compliance with policies, standards and procedures
- Adherence to applicable laws and regulations
- Management's achievement of goals and objectives
- Economic acquisition, efficient use, and adequate protection of resources
- Support of management in their interaction with the various internal organizations and external regulatory authorities as needed

RESPONSIBILITIES

The Director of Internal Audit and the Internal Audit staff have responsibility to:

- Develop an annual Audit Plan using appropriate risk-based methodology (including risks or control concerns identified by management, the Audit Committee and external Audits) and submit that plan to the Audit Committee for review and approval
- Perform independent and objective audit engagements of the key processes and related internal controls supporting operations and financial reporting as part of the audit process
- Communicate audit engagement results and recommendations to management and the Audit Committee as part of the audit process
- Follow-up with management to assess whether Action Plans are completed by management within the mutually agreed timeframe to address the risks and deficiencies identified
- Perform safety related audits required by the Federal Transit Administration.
- Support UTA management in their interaction with the external financial auditors
- Assist UTA management to facilitate other external compliance audits generally managed through other departments within UTA
- Assist UTA in identifying the characteristics of adequate systems of control
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certification to meet the requirements of this Charter
- Establish and maintain a Quality Assurance and Improvement Program ("QAIP") in accordance with the Global Internal Audit Standards, published by the Institute of Internal Auditors.
- Ensure that a peer review is conducted every five years, and that results are communicated to the Audit Committee
- Keep the Audit Committee informed of emerging trends and best practices in internal auditing
- Assist the Audit Committee in any other way in connection with the discharge of Committee duties and responsibilities
- Prepare and present reports to the Audit Committee summarizing the status of Internal Audit's work at least quarterly but could be more frequently as directed by the Audit Committee
- Design and roll-out programs and practices around ethics, with support from UTA's Legal Counsel
- Assist in the investigations of suspected misconduct or fraudulent activities within the organization and notify management and, in the event of significant ethical violations, the Audit Committee.
- Develop a Strategic Plan for Internal Audit that documents a long-term vision, objectives, and supporting initiatives for Internal Audit
- Maintain an Assurance Map outlining audit and monitoring activities across the organization

AUDIT PLAN

The annual Audit Plan is developed each year based upon input from UTA leadership and the Audit Committee and is submitted to the Audit Committee for review and approval.

The annual Audit Plan is comprised of topics or processes to be the subject of audit engagements, and may include, but is not limited to, a combination of the following:

- Assessments of compliance with UTA's policies and procedures
- Reviews of internal controls related to significant processes and IT systems to determine if they are properly designed and functioning as intended
- Reviews of financial and operating information
- Assessing if corporate assets are properly safeguarded
- Reviews of computer-based systems focusing on data security, disaster recovery, and effective use of resources
- Reviews of internal controls designed to ensure compliance with external laws and regulations,

including accounting rules and applicable regulations
- Operational audits focusing on improving efficiencies or effectiveness with a goal of contributing to cost reduction efforts
- Strategic audits, such as reviews of due diligence activities and the execution of UTA's strategic objectives
- Requested consulting services, the nature of such services are determined in collaboration with management. Internal Audit may not provide any audit services for a period of one year following the conclusion of the consulting over an area where they consulted.

To develop the annual Audit Plan, an overall risk-based approach is used to ensure that the Internal Audit function provides the greatest possible benefit to UTA. On an ongoing basis, matters considered in developing the annual Audit Plan include the following:

- Strategic and operational plans of UTA
- Risk for potential loss to UTA
- Opportunities to achieve operating benefits
- Existence of known errors, irregularities or control weaknesses
- Results of previous audits
- Changes in operations, systems or controls
- Changes in regulatory or other requirements
- Requests from management, Audit Committee and external auditor

Each year, Internal Audit will work with UTA's leadership to perform risk assessment activities designed to identify and prioritize UTA's key risks. This information will be used to identify priorities to be addressed by the annual Audit Plan.

Based on the risk assessment performed, the Director of Internal Audit will present a proposed annual Audit Plan to the Audit Committee for approval. The Audit Plan is a list of topics or processes that will be the subject of audit engagements. Any significant deviation from the approved Audit Plan, such as adding a large audit engagement or removing an audit engagement, will be submitted to the Audit Committee for review and approval. Small changes, such as changing the type of engagement performed or small requested audit engagements can be carried out without Audit Committee approval and will be reported in the Director of Internal Audit's quarterly report to the Audit Committee.

The Audit Plan will be developed in a manner that allows for the coverage of UTA's highest risk areas. The Director of Internal Audit, in consultation with the Audit Committee, will determine when certain critical risks and controls require more frequent coverage.

REPORTING

A report will be issued by the Director of Internal Audit to the Audit Committee following the completion of any engagement phase (preliminary assessment, audit, follow-up). The report will document observations and recommendations. Management must be offered the opportunity to provide a written response to be included in the report. The written response can document agreement or disagreement with the results and an action plan, if applicable. The report will be provided to the Audit Committee members and discussed at a future Audit Committee meeting. Reports may be restricted from public release if classified as protected under the provisions of the Governmental Records Access and Management Act (Utah Code, §63G-2-101, *et seq*.).

Other engagement types will have a report issued by the Director of Internal Audit outlining any findings, recommendations, and management Action Plans. The report will be provided to the Audit Committee members and discussed in a future Audit Committee meeting.

The Director of Internal Audit may report urgent issues to the Chief of Board Strategy and Governance, as necessary.

INDEPENDENCE AND AUTHORITY

To provide for Internal Audit's independence, the Director of Internal Audit reports to the Chief of Board Strategy and Governance, which position reports directly to the Board of Trustees. All Internal Audit personnel will report to the Director of Internal Audit. The Director of Internal Audit will meet at least once every quarter, but more frequently if necessary, with the Audit Committee. The Audit Committee may choose to meet with the Director of Internal Audit in private and apart from UTA management, if the meeting satisfies the criteria for a closed session under Utah's Open and Public Meetings Act (Utah Code §52-4-101, *et seq*.).

To maintain its independence, Internal Audit will have no direct operational responsibility or authority over any of the activities under scope of its review. Accordingly, Internal Audit will not be responsible to develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited but may perform a consulting role without any decision-making authority. Because the Director Internal Audit is a member of UTA's Ethics Committee, Internal Audit cannot audit the ethics program. Any auditing of the ethics program will be outsourced to a third party, at the discretion of the Chief of Board Strategy and Governance.

Internal Audit is authorized to have unrestricted access to all company activities, records, property and personnel. Restriction to these accesses imposed by any employee or management of UTA, which prevents Internal Audit from performing any duties, will be reported immediately to the Executive Director, Chief of Board Strategy and Governance, or directly to the Audit Committee, based on circumstances as determined by the Director of Internal Audit.

STANDARDS OF AUDIT PRACTICE

Internal Audit will adhere to mandatory elements of The Institute of Internal Auditors' Global Internal Audit Standards. Additionally, Internal Audit must adhere to laws and regulations specific to Internal Audit activities, with applicable jurisdiction, including Utah Code 17B-2a-801, Utah Public Transit District Act.

Revision/Review History:

Date	Action
3/28/2018	Board of Trustees adopted Internal Audit Charter by R2018-03-03
6/10/2019	Audit Committee presented with revised Internal Audit Charter for review on 4/29/19; Audit Committee approved the Charter on 6/10/2019.
2/10/2020	Revised Internal Audit Charter reviewed and approved by Committee on 2/10/20 with minor verbiage updates.
2/1/2021	Internal Audit Charter presented and approved by the Audit Committee with no changes.

1/31/2022	Committee adopted revised Internal Audit Charter. Revisions included title changes for staff functions and updates to audit processes including establishment of a QAIP, documentation of a peer review process, and expanded standards of audit practice.
3/6/2023	Audit Committee Charter duties and responsibilities amended to include the Committee's review and approval of the Internal Audit Charter annually. Committee approval of revised Internal Audit Charter that adds responsibility for EEO investigations, safety audits, and removes duties to facilitate UTA's annual risk assessment which will be done by management.
9/23/2024	Language was added to reflect new standards adopted by the Institute of Internal Auditors (IIA) that comply with State of Utah law, and to clarify audit types. Removed language about investigating discrimination and retaliation claims which will be done by the Office of the Attorney General.
2/13/2025	Language was added to reflect a change in audit standards published by the Institute of Internal Auditors. The organizational reporting structure was updated. The nature of consulting activities was clarified. Details of specific audit practices was removed to better align with the document being a charter and not an operating procedure document. The reporting section was updated to reflect the practice of management providing written responses to reports.
3/9/2026	Language was added to document the Director Internal Auditor's role on the Ethics Committee and require audits of UTA's ethics programs to be outsourced to an independent auditor.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy and Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

2026 Internal Audit Plan Approval

AGENDA ITEM TYPE:
Audit - Approval

RECOMMENDATION:
Approve the 2026 Internal Audit Plan as presented.

BACKGROUND:
UTA's Audit Committee Charter, and Internal Audit Charter both require the Internal Auditor to annually submit an audit plan to the Audit Committee for approval. This plan is based on assessments of risk and input from management.

DISCUSSION:
Internal Audit is proposing the following projects for the 2026 Internal Audit Plan:

1. 26-01 Customer Support Governance Audit
2. 26-02 Capital Asset Accounting
3. 26-03 Information Technology System Key Control Audit
4. 26-04 Federal Funding Compliance Audit
5. 26-05 Real Estate Limited Scope Audit
6. 26-06 Claims Governance Audit

7. 26-07 Accounting Separation of Duties Audit
8. 26-08 Light Rail Safety Audit
9. 26-09 Commuter Rail Safety Audit
10. 26-10 Sole Source Procurement Audit

ALTERNATIVES:
The Audit Committee can reject specific projects or the entire plan and Internal Audit will revise the plan according to the feedback.

FISCAL IMPACT:
Not applicable

ATTACHMENTS:
2026 Internal Audit Plan

Date: March 9, 2026
To: UTA Audit Committee
From: Mike Hurst, Director Internal Audit
Subject: 2026 Internal Audit Plan

Introduction

The following Audit Plan was drafted with input from Governance leadership, assessment of risks and fraud risk and by the results of past assurance activities. Each project lists key background information, how the project supports the Strategic Priorities of the Utah Transit Authority ("UTA") 2030 Strategic Plan. Those strategic priorities are 1) Moving Utahns to a Better Quality of Life 2) Exceeding Customer Expectations 3) Achieving Organizational Excellence 4) Building Community Support 5) Generating Critical Economic Return. The first and fourth Strategic Priorities are not covered by this audit plan. An audit of the Planning department was considered but was not included because significant changes are expected to impact the department in 2026. This audit would have covered the first Strategic Priority and will be reconsidered for the 2027 Internal Audit Plan, along with an audit that would cover Building Community Support.

The Internal Audit Plan also documents how projects help to address the top perceived risks as documented in the Agency risk report. Those risks are 1) Technology 2) Infrastructure 3) Strategy/Planning 4) Financial 5) Information Security 6) Operational 7) Regulatory/Compliance 8) Reputational. All of these level one risks are represented by at least one project on the proposed 2026 Internal Audit Plan, except for Strategy/Planning. An audit of the Planning department was considered but was not included because significant changes are expected to impact the department in 2026. The audit will be reconsidered for the 2027 Internal Audit Plan.

Section 1: 2026 Internal Audit Projects

1. 26-01 Customer Support Governance Audit

Background: The Customer Support department helps customers resolve issues and answer questions. This audit will identify key tasks of the department and evaluate if adequate governance has been established through policy and executed through procedure documentation and training. This audit will take approximately seven to nine weeks to complete. It was selected to address an assurance gap identified in the 2025 Assurance Map.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Exceeding Customer Expectations; Achieving Organizational Excellence

Related Enterprise Risks: Reputational

2. 26-02 Capital Asset Accounting

Background: The Capital Asset Accounting department is responsible for financial tracking related to UTA's assets. This audit will evaluate the governance of the department, evaluate compliance with program policies and procedures, and analyze accounting data to validate accuracy and completeness. This audit will take approximately 12 to 15 weeks to

complete. It was selected to provide ongoing assurance coverage over financial risk. This department is relatively new, and its processes have not been evaluated by Internal Audit.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence; Generating Critical Economic Return

Related Enterprise Risks: Financial

3. **26-03 Information Technology System Key Control Audit**

Background: UTA's Information Technology department controls access to technology resources. This audit will evaluate governance, controls, and the procedures management has implemented to responsibly manage access. IA will also review access rights to determine policies and procedures are being followed. Internal Audit will explore the feasibility and advisability of automating access right testing. This audit will take approximately 16 to 20 weeks to complete. It was selected to address an assurance gap identified in the 2025 Assurance Map.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence

Related Enterprise Risks: Technology; Information Security

4. **26-04 Federal Funding Compliance Audit**

Background: UTA receives federal funding for capital expenditures. The federal government requires compliance with laws and regulations such as Davis-Bacon and Buy America as a stipulation for receiving grant funds. This audit will review UTA's compliance with relevant federal requirements in recent capital projects. This audit will take approximately 12 weeks to complete. It was selected to ensure ongoing compliance with high priority federal regulations.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence; Generating Critical Economic Return

Related Enterprise Risks: Financial; Regulatory/Compliance

5. **26-05 Real Estate Limited Scope Audit**

Background: The UTA Real Estate department acquires and disposes real property for the agency and is responsible for tracking and reporting on that property. Internal Audit performed an audit of the department as part of the 2024 Internal Audit Plan but was unable to complete a reconciliation of land purchases and disposals because of data limitations. The scope of this audit will be limited to performing that reconciliation and will take approximately two weeks to complete. It was selected to provide continuity and accountability to the previous audit.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence; Generating Critical Economic Return

Related Enterprise Risks: Infrastructure; Financial

6. **26-06 Claims Governance Audit**

Background: UTA self-insures many aspects of operations. This audit will identify key tasks of the department and evaluate if adequate governance has been established through policy and executed through procedure documentation and training.

This audit will take approximately seven to nine weeks to complete. It was selected to provide ongoing assurance coverage over financial risk.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence

Related Enterprise Risks: Financial

7. **26-07 Accounting Separation of Duties Audit**

Background: Separation of duties refers to splitting key tasks among different employees so that no single employee has too much ability or opportunity to make mistakes or commit fraud without detection. This audit will evaluate whether adequate separation of duties exists within UTA's Accounting department. It will take approximately seven to nine weeks to complete. It was selected based on concerns observed by leadership.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Generating Critical Economic Return; Achieving Organizational Excellence

Related Enterprise Risks: Financial

8. **26-08 Light Rail Safety Audit**

Background: UTA annually completes safety audit based on checklists produced by the Federal Transit Administration. This safety audit is focused on the Light Rail mode. It will take approximately 12 to 14 weeks to complete. It was selected because the audit is a requirement of State Safety Oversight.

Related Strategic Priorities from the 2025 UTA Strategic Plan: Exceeding Customer Expectations; Achieving Organizational Excellence

Related Enterprise Risks: Regulatory/Compliance; Reputational; Operational, Infrastructure

9. **26-09 Commuter Rail Safety Audit**

Background: UTA annually completes safety audit based on checklists produced by the Federal Transit Administration and modified for use in heavy rail. This safety audit is focused on the Commuter Rail mode. It will take approximately 12 to 14 weeks to complete. It was selected because the audit is a requirement of UTA's Commuter Rail Safety Plan.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Exceeding Customer Expectations; Achieving Organizational Excellence

Related Enterprise Risks: Regulatory/Compliance; Reputational; Operational; Infrastructure

10. **26-10 Sole Source Procurement Audit**

Background: UTA has policy and procedure around non-competitive procurement above a dollar threshold, referred to as sole source procurement. This audit will evaluate the sufficiency of policy relative to federal guidelines. Documentation for recent sole source procurements will be reviewed to determine if policy and procedure was implemented consistently and correctly. This engagement will take about eight to ten weeks to complete and was selected based on an evaluation of risks inherent and residual to sole source procurement.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence; Generating Critical Economic Return

Related Enterprise Risks: Regulatory/Compliance; Reputational; Financial

Section 2: 2025 Internal Audit Plan, Carryover Projects

The Audit Committee approved the addition of two projects to the 2025 Internal Audit Plan at the December 15, 2025 Audit Committee meeting. Internal Audit disclosed at the time that the projects would likely carryover into the period covered by the 2026 Audit Plan. Additionally, a project on the 2025 Audit Plan could not be completed because of an insufficient sample size to test a key control. That project will be completed in 2026. The details of those projects are listed below.

1. **25-06 Drug and Alcohol Compliance**

Background: UTA is subject to government regulations regarding employee's use of drugs and alcohol. The UTA People Office manages compliance with these requirements. This audit was requested by a member of senior management with nexus to our drug and alcohol compliance requirements. The work to be completed in 2026 will take approximately three to four weeks.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Exceeding Customer Expectations; Achieving Organizational Excellence

Related Enterprise Risks: Regulatory/Compliance; Reputational

2. **25-14 Information Technology Physical and Environmental Security Audit**

Background: This audit will be focused on the physical and environmental controls designed by management to protect information and technology assets. Audit procedures will be based on guidance published by the Information Systems Audit and Control Association (ISACA). This is a large-scale audit that will take two auditors approximately 14 to 16 weeks to complete. We anticipate beginning work in late February 2026. This engagement was selected to help address a coverage gap related to technology identified in the 2025 Assurance Map.

Related Strategic Priorities from the 2030 UTA Strategic Plan: Achieving Organizational Excellence

Related Enterprise Risks: Information Security; Technology

Section 3: Additional Internal Audit Responsibilities

In addition to completing audit engagements approved by the Audit Committee, Internal Audit performs other tasks and projects on a recurring basis. Below is a brief description of recurring tasks.

1. **Open Issue Follow-up**

Internal Audit coordinates with Enterprise Risk Management department to re-evaluate open issues that management has addressed. A quarterly report is produced documenting the current status of open issues and reporting on issues closed since the last report. Approximately 40 hours is spent per quarter on work related to open issue follow-up. In 2026, Internal Audit will be re-testing 1099 compliance for the tax year 2025. This testing is extensive and will take approximately a month to complete.

2. Quarterly Expenditure Review

Internal Audit reviews expenditure activity quarterly on a sample basis. Procedures include performing a Benford's analysis of accounts payable and reviewing purchase card and accounts payable transactions for anomalies and fraud. Payroll tests are done approximately once a year and other tests, such as reviewing travel reports, may be performed on an as-needed basis. Reviews take approximately 10 hours to complete or approximately 20 hours if payroll testing is also being performed.

3. Ethics Committee Responsibilities

The Director Internal Audit serves on UTA's Ethics Committee. Responsibilities include maintaining policy and training, annually distributing and evaluating financial disclosures, investigations as needed, administrating a reporting hotline, evaluating job candidates with relatives already employed by UTA for potential conflicts of interest, quarterly reporting on the activities of the Ethics Committee, and supporting employees with questions on how to follow the ethics policy. An estimate of 80 hours a year are spent on ethics activities.

4. Fraud Risk Assessment

The Utah Office of the State Auditor (State Auditor) requires government agencies like UTA to annually complete a fraud risk assessment questionnaire. The Director Internal Audit completes this checklist in collaboration with the Finance department. The results of the assessment are presented in Audit Committee meeting and then submitted to the State Auditor ahead of the June 30 annual deadline. This task takes approximately eight hours to complete.

5. Monitoring Activities

Internal Audit monitors certain activity and transactions for red flags. Currently, all recurring monitoring is around purchase cards. These methods are highly efficient, requiring minimal time and effort, but consistently yield meaningful results.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy and Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

Internal Audit Update

- **2025 Internal Audit Plan Status**

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational presentation for discussion.

BACKGROUND:
Internal Audit creates an annual plan listing audit activities. The 2025 Internal Audit Plan was approved by the Audit Committee on March 10, 2025 and an amendment was approved by the Audit Committee on December 15, 2025. Internal Audit reports on the status of activities listed on the Plan at each Audit Committee meeting.

DISCUSSION:
Internal Audit will report on the status of projects from the 2025 Internal Audit Plan.

ALTERNATIVES:
Not applicable

FISCAL IMPACT:
Not applicable

ATTACHMENTS:
Not applicable

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy & Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

2025 Internal Audit Quality Assurance Review Results

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational report for discussion.

BACKGROUND:
UTA Internal Audit follows the Global Internal Audit Standards published by the Institute of Internal Auditors. These standards require regular self-assessments of compliance. Internal Audit completed a self-assessment for the year 2025.

DISCUSSION:
Internal Audit will report on the observations and corrective actions plans from the 2025 Quality Assurance Review.

ALTERNATIVES:
Not applicable.

FISCAL IMPACT:
Not applicable.

ATTACHMENTS:

UTA Internal Audit Quality Assurance Self-Assessment Recommendations Memo 2025

Date: February 6, 2026
To: UTA Audit Committee
From: Mike Hurst, Director of Internal Audit
Subject: UTA Internal Audit Quality Assurance Self-Assessment Recommendations Memo 2025

Background

The UTA Internal Audit Charter requires the Internal Audit function ("IA") to adhere to the mandatory elements of the Global Internal Audit Standards ("Standards"), published by the Institute of Internal Auditors.

Standards require IA to establish a methodology for internal assessments, with the following elements.. First, on-going monitoring. This is achieved through supervision of audit projects by the Director. Second, periodic self-assessment of compliance with the standards. Third, communication to the Board and executive management about the results of internal assessments.

Self-Assessment Activities

The following are a brief description of opportunities for improvement identified in the 2025 self-assessment.

1. **IA Director needs to formalize holding and documenting one-on-one meetings with staff**

Standard 3.1 The small size of the Internal Audit team allows the IA Director to have regular communication and coordination with audit staff, however these meetings were not being formally documented in 2025. After identifying the issue, the Director created a log that tracks the key details of one-on-one meetings.

2. **IA Director needs to formalize how the competencies of outside service providers are evaluated**

Standard 3.1 requires that the competency of subject matter experts or other contractors used to provide outsourced work for IA being evaluated. This was not formally completed in the past, beyond the role of procurement evaluation criteria inherently evaluating competency. The Internal Audit Desk Reference guide was updated to formalizing the role of procurement evaluations in documenting contractor competencies. Procurements less than $5,000 do not require a competitive bid. For these instances, the Desk Reference requires that IA retain evidence of the contractor's competency, such as a resume or proof of certification.

3. **IA Director needs to implement an overall engagement conclusion**

Standard 14.5 requires an engagement conclusion that summarizes the overall significance of all the engagement findings. Historically, IA reports have reported on individual findings, but not a cumulative finding as this describes. IA's audit report template was updated to include the requirement that an overall engagement conclusion be written for reports.

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Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy and Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

2025 Fraud Risk Assessment

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational report for discussion.

BACKGROUND:
The Fraud Risk Assessment is a checklist that the Utah Office of the State Auditor ("State Auditor") requires the agency to complete annually. The checklist verifies the existence of policies, control activities, and separation of duties that are essential to a strong control environment where the likelihood of fraud is reduced. The 2025 checklist was completed jointly by the Finance department and Internal Audit. After presentation to the Audit Committee, it will be submitted to the State Auditor prior to the deadline on June 30, 2026.

DISCUSSION:
Internal Audit will report on the results and observations from the 2025 Fraud Risk Assessment.

ALTERNATIVES:
Not applicable

FISCAL IMPACT:

Not applicable

ATTACHMENTS:
2025 Fraud Risk Assessment

OFFICE OF THE
STATE AUDITOR

Questionnaire

Revised December 2020

Fraud Risk Assessment

INSTRUCTIONS:

- Reference the *Fraud Risk Assessment Implementation Guide* to determine which of the following recommended measures have been implemented.
- Indicate successful implementation by marking “Yes” on each of the questions in the table. Partial points may not be earned on any individual question.
- Total the points of the questions marked “Yes” and enter the total on the “Total Points Earned” line.
- Based on the points earned, circle/highlight the risk level on the “Risk Level” line.
- Enter on the lines indicated the entity name, fiscal year for which the Fraud Risk Assessment was completed, and date the Fraud Risk Assessment was completed.
- Print CAO and CFO names on the lines indicated, then have the CAO and CFO provide required signatures on the lines indicated.

Fraud Risk Assessment

Continued

*Total Points Earned: 385 /395 *Risk Level:

Very Low	Low	Moderate	High	Very High
> 355	316-355	276-315	200-275	< 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	200	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	5	5
b. Procurement?	5	5
c. Ethical behavior?	5	5
d. Reporting fraud and abuse?	5	5
e. Travel?	5	5
f. Credit/Purchasing cards (where applicable)?	0	5
g. Personal use of entity assets?	5	5
h. IT and computer security?	5	5
i. Cash receipting and deposits?	0	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	20	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	10	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	20	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	20	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	20	20
7. Does the entity have or promote a fraud hotline?	20	20
8. Does the entity have a formal internal audit function?	20	20
9. Does the entity have a formal audit committee?	20	20

*Entity Name: Utah Transit Authority

*Completed for Fiscal Year Ending: 2025 *Completion Date: 2/19/2026

*CAO Name: Jay Fox *CFO Name: Viola Miller

*CAO Signature: Signed by: 3A24FF46AD114EB... *CFO Signature: Signed by: Viola Miller D41C1660FAA44A8...

*Required

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	X			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?			X	
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check “N/A”.	X			
4. Are all the people who have access to blank checks different from those who are authorized signers?			X	
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	X			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?			X	
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check “N/A”.			X	
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check “N/A”.	X			
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check “N/A”.	X			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?	X			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check “N/A”.	X			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check “N/A”.	X			

* MC = Mitigating Control

Basic Separation of Duties

Continued

Instructions: Answer questions 1-12 on the Basic Separation of Duties Questionnaire using the definitions provided below.

☺ If all of the questions were answered "Yes" or "No" with mitigating controls ("MC") in place, or "N/A," the entity has achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will be answered "Yes." 200 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

☹ If any of the questions were answered "No," and mitigating controls are not in place, the entity has not achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will remain blank. 0 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

Definitions:

Board Chair is the elected or appointed chairperson of an entity's governing body, e.g. Mayor, Commissioner, Councilmember or Trustee. The official title will vary depending on the entity type and form of government.

Clerk is the bookkeeper for the entity, e.g. Controller, Accountant, Auditor or Finance Director. Though the title for this position may vary, they validate payment requests, ensure compliance with policy and budgetary restrictions, prepare checks, and record all financial transactions.

Chief Administrative Officer (CAO) is the person who directs the day-to-day operations of the entity. The CAO of most cities and towns is the mayor, except where the city has a city manager. The CAO of most local and special districts is the board chair, except where the district has an appointed director. In school districts, the CAO is the superintendent. In counties, the CAO is the commission or council chair, except where there is an elected or appointed manager or executive.

General Ledger is a general term for accounting books. A general ledger contains all financial transactions of an organization and may include sub-ledgers that are more detailed. A general ledger may be electronic or paper based. Financial records such as invoices, purchase orders, or depreciation schedules are not part of the general ledger, but rather support the transaction in the general ledger.

Mitigating Controls are systems or procedures that effectively mitigate a risk in lieu of separation of duties.

Original Bank Statement means a document that has been received directly from the bank. Direct receipt of the document could mean having the statement 1) mailed to an address or PO Box separate from the entity's place of business, 2) remain in an unopened envelope at the entity offices, or 3) electronically downloaded from the bank website by the intended recipient. The key risk is that a treasurer or clerk who is intending to conceal an unauthorized transaction may be able to physically or electronically alter the statement before the independent reviewer sees it.

Treasurer is the custodian of all cash accounts and is responsible for overseeing the receipt of all payments made to the entity. A treasurer is always an authorized signer of all entity checks and is responsible for ensuring cash balances are adequate to cover all payments issued by the entity.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
THROUGH: Annette Royle, Chief of Board Strategy and Governance
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit

TITLE:

Open Issues Report - March 2026

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational presentation for discussion.

BACKGROUND:
The Open Audit Recommendation Report tracks outstanding issues and recommendations from prior internal audit reports and provides the status of those issues. The Enterprise Risk Management Administrator (ERMA) assists management with action plans to address recommendations and monitors progress. When an action plan is complete, the ERMA requests a follow-up review from the Internal Audit department. Internal Audit closes an issue when the action plan is completed, if an issue is no longer relevant, or if management chooses to accept the risk and not perform any action. Internal Audit reports the resolution of each issue to the Audit Committee.

DISCUSSION:
Internal Audit will discuss activity around outstanding issues since the last report at the Audit Committee meeting on December 15, 2025.

ALTERNATIVES:
Not applicable

FISCAL IMPACT:
Not applicable

ATTACHMENTS:
Open Issue Report March 2026 - Public Copy

INTERNAL AUDIT

Open Audit Recommendation Report

February 5, 2026

Contains sensitive security information that should not be publicized. Such information is classified as Protected pursuant to Utah Code 63G-2-106 and 63G-2-305(12). Such information is also controlled under 49 CFR parts 15 and 1520 and may not be released publicly without appropriate authorization. This information has been redacted for public release.

Table of Contents

Rating Matrix

Descriptor	Guide
High	Major uncertainties are present. More is unknown than is known. No experience and/or data is available. Structure and resources are not established.
Moderate-high (Mod-high)	Many uncertainties are present. Experience and/or data are limited. Structure and resources are incomplete, unproven and/or immature.
Moderate (Mod)	Some uncertainties are present. As much is known as is unknown. Sufficient experience and data exist but may not be fully utilized. Structure and resources are adequate.
Low-moderate (Low-mod)	Minor uncertainties are present. Strong experience and data exist. Structure and resources are well designed and supported.
Low	Little to no uncertainties remain. Significant experience and data exist and are fully utilized. Structure and resources are robust.

Distribution List

Title	For Action[1]	For Information	Reviewed prior to release
Audit Committee		*	
Chief Board Strategy and Governance		*	*
Executive Director		*	*
Chief of Staff Executive Director		*	*
Chief Enterprise Strategy Officer		*	*
Enterprise Risk Management Administrator	*	*	*

[1]For Action indicates that a person is responsible, either directly or indirectly depending on their role in the process, for addressing an audit action plan.

Executive Summary

Background

The Utah Transit Authority ("UTA") Audit Committee directs Internal Audit (IA) to perform audit engagements over the controls, processes, and systems of UTA. IA publishes recommendations to address deficiencies or improve performance of the audited area. The Enterprise Risk Management department (ERM) works with management once a recommendation is issued to create action plans or to document disagreement with the recommendations. ERM monitors action plan progress, facilitates changes to the action plan, and alerts IA when action plans are ready to be audited, referred to as "follow-up".

Objectives and Scope

IA produces an updated edition of this report for each Audit Committee meeting to inform that body of the status of open recommendations (Appendix A and Appendix B) and to document recommendations that have been closed (Appendix C) since the last edition of the report. IA published this edition for the March 9, 2026, Audit Committee to document follow-up activities since the Audit Committee meeting that was held on December 15, 2025.

Executive Summary

Three issues have been closed since the last Audit Committee meeting. Management submitted three more issues after the deadline that will be reflected on the next edition of the report once IA has reviewed them. Issue R-21-03 recommended that fully automated and high quality speakers should be installed on buses. Management provided evidence that significant progress has been made installing external speakers.

Issue 21-06-03 recommended that the database that controls access to UTA fuel pumps should be cleaned and standardized. Management chose to accept the risk despite IA re-testing the data and finding issues persist. There are some facility access controls that mitigate the risk and while IA disagrees with management's decision to accept the risk, the residual risk is not high enough to warrant further review or action.

Issue R-23-11-J recommended that management provide standardized onboarding and development training to Recruiters. Management provided evidence of training and reference materials sufficient for the issue to be closed.

IA changed the risk rating system used for audit issues to match what is used by ERM. The rating system is Failure Mode and Effects Analysis (FMEA), a system first developed by the United States Armed Forces. Aligning audit issue risk ratings to the "risk language" of management improves management's ability to apply consistent prioritization and decision-making across risks identified from all sources. All open issues were reviewed and an FMEA risk rating applied.

Additionally, changes were made to the format of Appendix A: Overview Status of Open Issues. A column was added showing the date the issue was reported to the Audit Committee and color coded to indicate age; green for issues reported after 2/5/2025, yellow for issues reported between 2/5/2024 and 2/5/2025, and red for issues reported prior to 2/5/2024.

Appendix A: Overview Status of Open Issues

Engagement Name	Issue Name	Current Status	Risk Rating	Due Date	Reported Date
20-07 Preliminary Assessment of the Capital Projects Process	R-20-07-03 Project Management Policy	Open	Mod	03/31/2026	04/19/2021
20-07 Preliminary Assessment of the Capital Projects Process	R-20-07-04 Budget Monitoring	Open	Low-Mod	03/31/2026	04/19/2021
21-02 Preliminary Assessment: Utilities Management	R-21-02-04 Standard Operating Procedures	Open	Mod	03/31/2026	10/17/2022
21-03 Preliminary Assessment of Maintenance of Way Systems	R-21-01 Training Development Resources	Open	Mod	03/31/2026	06/21/2021
21-04 Bus Operations and Safety Preliminary Assessment	R-21-04 Securement Training	Open	Mod	03/31/2026	08/23/2021
21-04 Bus Operations and Safety Preliminary Assessment	R-21-05 Standard Operating Procedures Updates	Open	Mod	03/31/2026	08/23/2021
21-06 Preliminary Assessment of Fuel Costs	R-21-06-06 Pre- and Post-Fueling Checklists	Open	Mod	03/31/2026	11/15/2021
22-02 Preliminary Assessment of Light Rail Operations	R-22-03 Standard Operating Procedure Updates LR	Open	Mod	03/31/2026	10/17/2022
22-06 Performance Audit of Support Fleet	R-22-06-2 Support Fleet Policies and Procedures	Open	Mod	03/31/2026	06/27/2022
22-06 Performance Audit of Support Fleet	R-22-06-3 Opportunities to Right-Size the Support Fleet	Open	Low	03/31/2026	06/27/2022
23-02 Preliminary Assessment of the Vehicle Disposal Process	R-23-02-1 Board Approval Over $200k	Open	Low	03/31/2026	12/18/2023
23-03 Preliminary Assessment of 1099 Reporting	R-23-03-1 Required 1099 Forms were not issued	Open	Mod	12/31/2025	06/24/2024
23-03 Preliminary Assessment of 1099 Reporting	R-23-03-2 Claims vendors, physicians and attorneys were not sent a 1099	Open	Mod	12/31/2025	06/24/2024
23-04 Preliminary Assessment of the Transit Communication Center	R-23-04-1 Safety and Security Procedures	Open	Mod	03/31/2026	03/11/2024
23-05 Limited Scope Assessment of the Vendor Master File	R-23-05-01 Vendor Master File Process Issue	Open	Mod	12/31/2025	10/16/2023
23-11 Recruitment Assessment	R-23-11-B Standard Operating Procedures Recruitment	Open	Mod	03/31/2026	06/26/2023
23-11 Recruitment Assessment	R-23-11-C Key Performance Indicators	IA Review	Low	07/31/2025	06/26/2023
23-11 Recruitment Assessment	R-23-11-E Leadership Strategy Sessions	IA Review	Mod-High	07/31/2025	06/26/2023
23-11 Recruitment Assessment	R-23-11-G Process Expectations	IA Review	Low	03/31/2026	06/26/2023
24-06 Preliminary Assessment of Payroll Process	R-24-06-01 Vacation Sell-back exceeded policy	Open	Low-Mod	03/31/2026	09/23/2024
25-01 Environmental Governance Audit	25-01-01 Develop and Adopt DESP Policy	Open	Mod	11/07/2026	12/15/2025
25-01 Environmental Governance Audit	25-01-02 Develop SOPs for high priority tasks listed in DESP Policy	Open	Mod	11/07/2026	12/15/2025
25-01 Environmental Governance Audit	25-01-03 Job Description Review	Open	Low	11/07/2026	12/15/2025
25-03 Purchase Card Program Audit	R-25-03-01 [redacted]	Open	Mod-High	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-02 [redacted]	Open	Mod	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-03 [redacted]	Open	High	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-04 [redacted]	Open	Mod	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-05 Cardholders & Approvers did not complete the required training	Open	Low	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-06 Training for transaction approvers does not exist	Open	Low	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-07 P-Cards have been used to purchase individual meals	Open	Low	09/22/2026	09/22/2025
25-03 Purchase Card Program Audit	R-25-03-08 Purchase transactions lack detailed information required by policy	Open	Low-Mod	09/22/2026	09/22/2025
25-05 Special Services Operations Audit	R-25-05-01 Standard Operating Procedures Need Reviewed	Open	Mod	06/25/2026	09/22/2025
25-05 Special Services Operations Audit	R-25-05-02 Job Description Documents Need Reviewed	Open	Low	06/25/2026	09/22/2025
25-05 Special Services Operations Audit	R-25-05-03 Scheduling Call Time Goals	Open	Low	06/25/2026	09/22/2025
25-05 Special Services Operations Audit	R-25-05-04 Scheduling Process Formalization	Open	Mod	06/25/2026	09/22/2025
25-05 Special Services Operations Audit	R-25-05-05 Employee Licensing Records	Open	Low-Mod	06/25/2026	09/22/2025
25-07 Buy America Compliance Audit	25-07-01 Insufficient reviews of minimum domestic content results	Open	Mod	03/31/2027	12/15/2025
25-10 Mount Ogden Bus Maintenance Audit	R-25-10-01 Standard Operating Procedures Need Reviewed	Open	Mod	06/16/2026	06/16/2025
25-10 Mount Ogden Bus Maintenance Audit	R-25-10-02 Job Description Documents Need Reviewed	Open	Low	06/16/2026	06/16/2025

Appendix B: Detail Status of Open Issues

Note: This document standardized formatting and corrected clerical errors from original reports.

A. 20-07 Preliminary Assessment of the Capital Projects Process

Recommendation R-20-07-03 Project Management Policy	Risk Level: Mod
Audit Committee Report Date: April 19, 2021	Current Status: Open

Recommendation:

- IA recommends that agency standard operating procedures be developed to establish practices of project management applicable to all departments. Guidance should be based on an existing standard, such as the Project Management Book of Knowledge or FTA project requirements, and should cover topics including, but not limited to, developing project budgets, tracking, reporting project costs and project progress, contractor oversight, and quality assurance.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has drafted a library of SOPs reflecting the current control environment and is working to finalize them.

Issue Owner
Chief Capital Services Officer

Current Due Date:
3/31/2026

Recommendation R-20-07-04 Budget Monitoring	Risk Level: Low-Mod
Audit Committee Report Date: April 19, 2021	Current Status: Open

Recommendation:

- IA recommends that entity level oversight be established with the following practices:
    - Require project managers to submit regularly scheduled and standardized project financial reports, including expenditure tracking, comparison to budget, and an up-to-date schedule of anticipated cash flow.
    - Regular monitoring of budget to actual expenditures should be conducted by Executive leadership with follow-up on variances conducted.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is evaluating budget monitoring processes to ensure adequacy in the current control environment.

Issue Owner
Chief Capital Services Officer

Current Due Date:
3/31/2026

B. 21-03 Preliminary Assessment of Maintenance of Way Systems

Recommendation R-21-01 Training Development Resources	Risk Level: Mod
Audit Committee Report Date: June 21, 2021	Current Status: Open

Recommendation:

- Develop a project plan to include realistic timelines and necessary resources to implement the program timely.
- Identify "off the shelf" training materials and videos that can be purchased to reduce the development time.
- Incorporate as part of the program training classes that may be already developed and available through other sources such as other transit agencies, system manufacturers, and commercial rail carriers.
- Budget for and add sufficient resources to develop the apprenticeship program.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has established an FRA Compliance Committee composed senior leaders all from all departments that are regulated and interface with the FRA and State Safety Oversight, including MOW. The committee is working with a consultant to help conduct a gap analysis and provide recommendations for FRA compliance across functions, with a primary focus on MOW training. Management has completed a Scope of Work and are currently in the procurement process. The project will take approximately four months from notice to proceed as outlined below:

- Task 1 – Project Management (four months)
- Task 2 – Discovery and Gap Analysis (two weeks)
- Task 3 – Implementation strategies (four weeks)
- Task 4 – Training, Staff Development, and Final Report (four weeks)

Issue Owner
Chief Operations Officer

Current Due Date:
3/31/2026

C. 21-02 Preliminary Assessment: Utilities Management

Recommendation R-21-02-04 Standard Operating Procedures	Risk Level: Mod
Audit Committee Report Date: October 17, 2022	Current Status: Open

Recommendation:

- Drafted SOPs should be finalized and adopted.

- The FUPA should coordinate with the Accounting department to properly align the new SOP with existing policies and procedures.
- The process of verifying and organizing accounts and reviewing rate schedules should be codified in the final draft.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Facilities have completed a first draft of a new Utilities Management Standard Operating Procedure.

Issue Owner
Chief Operations Officer

Current Due Date:
3/31/2026

D. 21-04 Bus Operations and Safety Preliminary Assessment

Recommendation R-21-04 Securement Training	Risk Level: Mod
Audit Committee Report Date: August 23, 2021	Current Status: Open

Recommendation:
- Require refresher training on the requirement to secure passengers. The refresher training can be incorporated as part of annual sensitivity training. Retrain specific operators following securement complaints or accidents as appropriate to the nature of the complaint or accident.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
The Civil Rights department is working with the Communications department to roll out this training as part of the annual sensitivity training.

Issue Owner
Chief People Officer

Current Due Date:
3/31/2026

Recommendation R-21-05 Standard Operating Procedure Updates	Risk Level: Mod
Audit Committee Report Date: August 23, 2021	Current Status: Open

Recommendation:
BO 1.09, "Serving Customers with Disabilities" should be updated with the following changes:
- Align definition of service animals with UTA policy 6.1.1.
- Align Personal Care Attendant language with recent fare policy changes.
- Include a section discussing appropriate language when talking to/about people with disabilities.

- Expand the description of situations where service might be denied to include instances where customers are denied priority seating. These instances should be reported to TCC.
- The SOP should require that TCC provide monthly reports to the ADA Compliance Officer of call-ins related to service denials.
- SOP ownership should be collaborative with the ADA Compliance Officer.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Finance and Operations executives are meeting to agree on Fares enforcement for Personal Care Attendants and to reflect that agreement in Fares policy and Operations SOPs.

Issue Owner
Chief Operations Officer

Current Due Date:
3/31/2026

E. 21-06 Preliminary Assessment of Fuel Costs

Recommendation R-21-06-06 Pre- and Post-Fueling Checklists*	Risk Level: Mod
Audit Committee Report Date: November 15, 2021	Current Status: Open

**Original recommendation did not have a title*

Recommendation:
- Management should complete the drafted corrective action plan. [Management had previously identified the issue and created a corrective action plan].

Current Status from Internal Audit:
Management submitted this issue for closure. Internal Audit tested a sample of 29 recent fuel deliveries and found that 15 fuel deliveries did not have a completed checklist on file. Based on these results, the issue will remain open.

Current Management Status Update:
Management is working to ensure adherence to a new Fuel and Fluid Delivery and Unloading Work Instruction.

Issue Owner
Chief Operations Officer

Current Due Date:
3/31/2026

F. 22-02 Preliminary Assessment of Light Rail Operations

Recommendation R-22-03 Standard Operating Procedure Updates	Risk Level: Mod
Audit Committee Report Date: October 17, 2022	Current Status: Open

Recommendation:

- Light Rail management should finalize the review and re-issuing of all SOPs.
- Light Rail management should remove references of SOPs from the TRAX Rule Book if they are to be unavailable, outdated, or irrelevant.
- Light Rail management should consider creating SOPs to formally support safety guidelines (as provided during training) for requesting supervisor or police officer field response.

Current Status from Internal Audit:
No update since the last Audit Committee meeting.

Current Management Status Update:
Management has made changes to the 2026 *Transit Agency Safety Plan* and our *Operating Instruction Creation & Revision Procedure* (LRD-00010). Out of 140 instructions identified:

- 59 instructions will remain standalone and are in the process of being rewritten (32 of 59 complete)
- 81 instructions are in the process of being merged into 30 new or existing instructions.
- 10 new instructions have been identified for creation.

All of these documents will or are being updated to align with the 2025 operations document format.

Issue Owner
Chief Operations Officer

Current Due Date:
3/31/2026

G. 22-06 Performance Audit of Support Fleet

Recommendation R-22-06-2 Support Fleet Policies and Procedures	**Risk Level: Mod**
Audit Committee Report Date: June 27, 2022	**Current Status: Open**

Recommendation:

- We recommend Support Fleet Management develop new policies and procedures to define requirements and necessary steps for each of its key areas of responsibility.
- We recommend Support Fleet Management develop training on the policies and procedures and provide this training to employees responsible for, or users of fleet vehicles, at least annually.

Current Status from Internal Audit:
No update since the last Audit Committee meeting.

Current Management Status Update:
Management has completed corrective action and anticipates approval of the Non-Revenue Vehicle Fleet Policy in February 2026.

Issue Owner
Chief Capital Services Officer

Current Due Date:
3/31/2026

Recommendation R-22-06-3 Opportunities to Right-Size the Support Fleet	Risk Level: Low
Audit Committee Report Date: June 27, 2022	Current Status: Open

Recommendation:

- We recommend Support Fleet Management use the new geotrackers to pinpoint precisely which vehicles are being underutilized and work to either reassign vehicles where they will be more useful or dispose of them to recapture some residual value.
- We recommend the vehicle purchasing strategy be overhauled to ensure that proper steps are taken to determine if another vehicle within support fleet would be sufficient to meet the needs of the requesting department prior to purchasing a new vehicle.
- We recommend Support Fleet Management requires all employees responsible for a support fleet vehicle, especially underutilized ones, to provide written justification for the business need of their vehicles. Based on the justifications, support fleet should make decisions as to which vehicles may be reassigned or slated for disposal.
- We recommend Support Fleet Management review the use of floating fleet vehicles available to be checked out by employees to determine if any could be repurposed or disposed.
- We recommend UTA management review its disposal and auction process to determine if there are ways to streamline sales once vehicles to be disposed of have been identified.
- We recommend UTA's accounting and finance teams determine if there is a more effective way to manage the budget strategy for support fleet vehicles, for instance, using an internal service fund to charge departments for the use of vehicles.

Current Status from Internal Audit:
No update since the last Audit Committee meeting.

Current Management Status Update:
[redacted]
Vehicle utilization is evaluated to determine if a vehicle can be reallocated to meet the needs of another group. Owners of underutilized vehicles are required to submit written rationalizations to inform NRV fleet right-sizing. The long-term goal is to expand the motor pool and reduce the number of dedicated vehicles agency-wide. The NRV disposal process was reviewed for efficiency/effectiveness and is detailed in AGCY.06.04 Vehicle Disposal and Reallocation SOP. It was determined that the current capital budget process is the most effective way to manage the budget strategy for non-revenue vehicles. Four NRV SOPs have been adopted and an NRV Policy is complete and awaiting adoption. In addition to the training and informational materials available on the NRV SharePoint page, NRV will be introducing a training curriculum to the online training available in Workday. This will initially consist of a course reviewing defensive driving and reviewing and acknowledgment of the NRV SOPs.

Issue Owner
Chief Capital Services Officer

Current Due Date:
3/31/2026

H. 23-02 Preliminary Assessment of the Vehicle Disposal Process

Recommendation R-23-02-1 Board Approval Over $200k	Risk Level: Low
Audit Committee Report Date: December 18, 2023	Current Status: Open

Recommendation:

- Capital Assets group should seek approval from the Board for the sale of any vehicles which combined might exceed $200,000.
    - Alternatively, Capital Assets could provide an annual, or other periodic (such as quarterly), update to the Board regarding planned vehicle sales.
- Capital Assets should incorporate this Board approval process into SOPs.

Current Status from Internal Audit:
No update since the last Audit Committee meeting.

Current Management Status Update:
Finance has identified the need for a "pending" flag in JDE for vehicle disposals over $250,000, which will signal the need for Board approval. Ownership of corrective action was moved from Capital Services to Finance in November 2025.

Issue Owner
Chief Finance Officer

Current Due Date:
3/31/2026

I. 23-03 Preliminary Assessment of 1099 Reporting

Recommendation R-23-03-1 Required 1099 Forms were not issued	Risk Level: Mod
Audit Committee Report Date: June 24, 2024	Current Status: Open

Recommendation:

- Accounts Payable should coordinate with legal counsel to comply with IRS reporting standards.
- Additional research should be conducted by the accounting team to identify if other vendors who received payments from UTA should have had a 1099 sent to them.
- Best practices suggest that a business should request an updated W-9 Form every year from contractors.

Current Status from Internal Audit:
Internal Audit will test 2025 1099 forms once enough time has elapsed to account for potential form re-issuances.

Current Management Status Update:
Management corrective action is complete, and this issue has been submitted for Internal Audit validation of 2025 1099 distribution. A Vendor Setup/Modification Requirements SOP and a new 1099 Processing Checklist are established to accurately trigger 1099s.

Issue Owner
Chief Financial Officer

Current Due Date:
12/31/2025

Recommendation R-23-03-2 Claim vendors, physicians and attorneys were not sent a 1099 Risk Level: *

Audit Committee Report Date: June 24, 2024 **Current Status: Open**

**Risk level was missed in the original report. It is a moderate risk.*

Recommendation:

- Accounts Payable should coordinate with legal counsel to comply with IRS reporting standards.
- Accounts Payable should require a completed W-9 before issuing any future claims payments.
- Accounts Payable staff should receive training on Form 1099 reporting procedures.
- Accounts Payable or the Accounting Supervisor should maintain an IRS e-news subscription to receive future updates to the Form 1099 reporting process. https://www.irs.gov/newsroom/e-news-subscriptions

Current Status from Internal Audit:
Internal Audit will test 2025 1099 forms once enough time has elapsed to account for potential form re-issuances.

Current Management Status Update:
Management corrective action is complete, and this issue has been submitted for Internal Audit validation of 2025 1099 distribution. An IRS Form W-9 Requirements for Claims Settlement SOP and a new 1099 Processing Checklist have been established to accurately trigger 1099s.

Issue Owner
Chief Financial Officer

Current Due Date:
12/31/2025

J. 23-04 Preliminary Assessment Transit Communication Center

Recommendation R-23-04-1 Safety and Security Procedures **Risk Level: Mod**

Audit Committee Report Date: March 11, 2024 **Current Status: Open**

Recommendation:

[redacted]

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Due to the sensitivity of this issue, details of corrective action will not be published until it is complete.

Issue Owner
Director of Safety and Security

Current Due Date:
3/31/2026

K. 23-05 Limited Scope Assessment of the Vendor Master File

Recommendation R-23-05-01 Vendor Master File Process Issue	Risk Level: Mod
Audit Committee Report Date: October 16, 2023	Current Status: Open

Recommendation:

- A formal process should be developed to validate new vendors.
- Roles and responsibilities between the AP team and Accountants should be clearly defined and documented.
- An IRS TIN match should be performed for new vendors additions.
- Existing data errors should be investigated and resolved.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
A Vendor Setup/Modification Requirements SOP and a new 1099 Processing Checklist are drafted to ensure all vendor information is collected.

Issue Owner
Chief Finance Officer

Current Due Date:
12/31/2025

L. 23-11 Recruitment Assessment

Recommendation R-23-11-B Standard Operating Procedures	Risk Level: Mod
Audit Committee Report Date: June 26, 2023	Current Status: Open

Recommendation:

- Update standard operating procedures and include SLAs.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is updating the Talent Acquisition standard operating procedures to align with Workday processes.

Issue Owner
Chief People Officer

Current Due Date:
3/31/2026

Recommendation R-23-11-C Key Performance Indicators	Risk Level: Low
Audit Committee Report Date: June 26, 2023	Current Status: IA Review

- Develop and track KPIs to enable data-driven decision making.

Current Status from Internal Audit:
Management submitted this issue for closure five days after the deadline. IA needs time for further discussions and consideration of this risk acceptance.

Current Management Status Update:
Management has submitted this risk for acceptance based on significant changes within the Talent Acquisition team's leadership, structure, and operating environment.

The TA team developed and implemented key metrics and dashboards in 2025, aligned to monitor team level workflows and hiring outcomes (previously provided metric and dashboarding summary). These metrics provide the Acting Director and me with visibility into requisition and hiring volume, cycle times, workload distribution, and hiring manager satisfaction. However, we are not ready to use these metrics to set team member/team KPIs.

The TA team's focus over the next year is intentionally centered on re-aligning and strengthening the team's foundational capabilities. This includes re-examining team structure, re-evaluating workflow distribution, refining and standardizing hiring processes, and cross training TA team members on all hiring modalities to ensure operational flexibility and continuity. These efforts are critical precursors to the implementation of individual/team KPIs and are necessary to ensure fairness, consistency, and accuracy in performance measurements (see 2026 TA One Page for initiatives tied to this).

Despite the absence of KPI based performance expectations, the TA team has successfully met all agency hiring needs in recent years. The agency was fully staffed for April 2025 Change Day (despite major service additions and staffing needs) and is on track to be fully staffed for April 2026 Change Day, demonstrating that current team performance is effectively supporting agency's hiring needs.

Additionally, the agency is engaged in broader work that redefines how employee and leader performance will be examined and rated going forward, including the rollout of Leadership Competencies and a more consistent agency-wide performance review framework. Implementing KPI based performance expectations ahead of this work imposes requirements on the TA team that exceed the agency's current maturity in performance management practices.

We believe acceptance of these risks is appropriate at this time given the reasons outlined above. We will continue to monitor and reassess these items as performance frameworks mature and TA processes and structure stabilize, at which point additional performance measures and process expectations may be required.

Issue Owner
Chief People Officer

Current Due Date:
3/31/2026

Recommendation R-23-11-E Leadership Strategy Sessions	Risk Level: Mod-High
Audit Committee Report Date: June 26, 2023	Current Status: IA Review

Recommendation:

- Conduct Leadership Strategy Sessions to align on priorities for the Talent Acquisition team.

Current Status from Internal Audit:
Management submitted this issue for closure five days after the deadline. IA will review the evidence submitted and if satisfactory this issue will be reported closed for the next edition of the report.

Current Management Status Update:
Management corrective action is complete, and this issue has been submitted for Internal Audit validation. Talent Acquisition provided three consecutive years of Talent Acquisition Strategy One-Pages (2024-26) as well as evidence of leadership strategic planning sessions.

Issue Owner
Chief People Officer

Current Due Date:
3/31/2026

Recommendation R-23-11-G Process Expectations	Risk Level: Low
Audit Committee Report Date: June 26, 2023	Current Status: IA Review

Recommendation:

- Communicate expectations with Hiring Managers and other teams on processes and SLAs.

Current Status from Internal Audit:
Management submitted this issue for closure five days after the deadline. IA needs time for further discussions and consideration of this risk acceptance.

Current Management Status Update:
Management has submitted this risk for acceptance based on significant changes within the Talent Acquisition team's leadership, structure, and operating environment.

Talent Acquisition has 1) mapped all processes, 2) developed Desk References for Maintenance and Operations hiring, and 3) created a Recruitment Request Form.

Additionally, many of the TA team processes have changed as a direct result of Workday implementation. Processes and workflows continue to be actively monitored and refined to align with new system functionality.

At this time, we need flexibility to transition and update workflows/process expectations among the People Office teams with where and how processes flow in Workday. Workflows that used to be solely TA team responsibilities will now transition to HR team responsibilities. We need time to evaluate the flow of our work and make adjustments before process expectations and documentation are finalized.

We believe acceptance of these risks is appropriate at this time given the reasons outlined above. We will continue to monitor and reassess these items as performance frameworks mature and TA processes and structure stabilize, at which point additional performance measures and process expectations may be required.

Issue Owner
Chief People Officer

Current Due Date:
3/31/2026

M. 24-06 Preliminary Assessment of Payroll Process

Recommendation R-24-06-01 Vacation Sell-back exceeded policy	Risk Level: Low-Mod
Audit Committee Report Date: September 23, 2024	Current Status: Open

Recommendation:

- Management should work with the Total Rewards department to educate supervisors on vacation sell-back policy and procedure.
- We recommend that Management develop a form or memo required for all employees requesting vacation sell-back that verifies that all eligibility requirements are met before the sell-back is processed.
- We recommend that Management monitors the vacation sell-back entries to detect any future occurrences of the error.
- We recommend that Management not attempt to claw-back past errors.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has implemented an audit in Workday to control vacation sell-back that exceeds policy and is monitoring the audit for accuracy and to enhance the process as needed.

Issue Owner
Chief Finance Officer

Current Due Date:
3/31/2026

N. 25-03 Purchase Card Program Audit

Recommendation 25-03-01 [redacted]	Level: Mod-High
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:

[redacted]

Current Status from Internal Audit:
No update since the last Audit Committee meeting.

Current Management Status Update:
Due to the sensitivity of this issue, details of corrective action will not be published until it is complete.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-02 [redacted] **Risk Level: Mod**

Audit Committee Report Date: September 22, 2025 **Current Status: Open**

Recommendation:

[redacted]

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Due to the sensitivity of this issue, details of corrective action will not be published until it is complete.

[redacted]

Issue Owner

Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-03 [redacted]	**Risk Level: High**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

[redacted]

Recommendation:

[redacted]

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Due to the sensitivity of this issue, details of corrective action will not be published until it is complete.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-04 [redacted]	**Risk Level: Mod**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

[redacted]

Recommendation:

[redacted]

[redacted]

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Due to the sensitivity of this issue, details of corrective action will not be published until it is complete.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-05 P-Card Training	**Risk Level: Low**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

**Original title was "Cardholders & Approvers did not complete the required training".*

Recommendation:

1. Update policies and SOPs to clearly mandate annual training for all cardholders and approvers.

2. Identify cardholders and approvers who have not completed training in the past year and require completion.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has obtained a list of all cardholders who have not completed their annual training from the LMS Technical Coordinator. These individuals have been notified by email and given 30 days to complete the requirement. Cardholders who do not comply within that timeframe will have their P-Cards deactivated. The annual training requirement is automated in LMS and assigned to every cardholder. Moving forward, the P-Card SOP will be updated to state that failure to complete annual training by the due date will result in deactivation. Additionally, Management will implement a monthly review of LMS training records to ensure compliance and promptly deactivate cards for any cardholders who have not met the requirement.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-06 Training for transaction approvers does not exist	Risk Level: Low
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:

1. Develop and deploy a targeted training module for transaction approvers. This training should cover review responsibilities, documentation requirements, and policy compliance.

2. Integrate training compliance tracking into the learning management system (LMS) and establish triggers to notify Finance or Program Administrators when an approver lacks required training.

3. Require periodic refresher training for all transaction approvers, regardless of P-Card holder status.

4. Review and update internal policies to reflect the need for distinct training requirements for different user roles within the P-Card system.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is collaborating with the Corporate Instructional Designer to develop formal training for approvers, ensuring they have a clear and consistent understanding of their responsibilities in the P-Card process. This training will be assigned to all approvers through the LMS, with completion tracked for accountability. In addition, an annual refresher training requirement will be established, and both the initial and refresher training requirements will be incorporated into the P-Card SOP to reinforce compliance and maintain consistency across the program.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-07 P-Cards have been used to purchase individual meals	Risk Level: Low
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:

1. Reinforce meal policy requirements through targeted refresher training for all P-Card holders and transaction approvers, emphasizing documentation expectations for meals.

2. Strengthen documentation guidance by providing a template for meal purchase descriptions that includes fields for attendees, purpose, and justification.

3. Update the approval process to include a mandatory checklist for business meal purchases that requires confirming the number of attendees, meeting purpose, and exclusion of unauthorized items.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is developing a mandatory checklist template to document required information for meal purchases. While the U.S. Bank system has limited customization capabilities and cannot accommodate an embedded template or checklist, Management is creating an offline template to be attached to transactions in US Bank. Monitoring and verification of compliance will therefore be conducted manually. Management will adopt Internal Audit's "potential" single meal identification method and incorporate it into the Administrator's monthly close process and will send a reminder email to all cardholders reinforcing this policy. In addition, cardholder and approver LMS training will be updated to emphasize requirements related to food purchases.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

Recommendation 25-03-08 Transaction Descriptions Missing*	**Risk Level: Low-Mod**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

**Original title was "Purchase transactions lack detailed information required by policy".*

Recommendation:

1. Update training materials and procedures to emphasize the importance of complete descriptions, supporting documentation, and timely approvals.

2. Enforce system validation rules that require detailed descriptions, receipt uploads, and selection of an approver before a transaction can be submitted for review.

3. Develop automated reminders and escalation protocols for reconcilers and approvers who fail to complete tasks within the 8-day reconciliation window.

4. Implement periodic compliance audits to identify users with repeat deficiencies and refer issues to department leadership for follow-up.

5. Restrict P-Card privileges temporarily or permanently for cardholders or approvers who fail to meet policy requirements after notice or retraining.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is updating the P-Card SOP, training materials, and Approver training to emphasize the importance of entering complete purchase descriptions, attaching supporting documentation, and ensuring timely approvals during the reconciliation process. To strengthen compliance, Management has worked with U.S. Bank to remove the system's auto-population of cost center numbers in the description field,

ensuring that users must now enter a proper purchase description. Management will work with U.S. Bank where possible to activate automated reminders and escalation protocols for reconcilers and approvers who do not complete their tasks within the eight-day reconciliation window. These reminders will be applied consistently across all cardholder accounts. The P-Card SOP already specifies that accounts not reconciled or approved for two consecutive months will be deactivated, with reactivation requiring CFO approval. We will continue to enforce this policy and, where necessary, restrict P-Card privileges temporarily or permanently for cardholders or approvers who fail to meet policy requirements after notice or retraining. Finally, we will continue conducting periodic compliance audits to identify repeat deficiencies. Any issues identified will be referred to department leadership for follow-up and corrective action.

Issue Owner
Chief Finance Officer

Current Due Date:
9/22/2026

O. 25-05 Special Services Operations Audit

Recommendation 25-05-01 Standard Operating Procedures Need Reviewed	**Risk Level: Mod**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

Recommendation:
Operations management should work with the Safety Department and to review safety-related SOPs and make necessary updates.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has established a Standard Operating Procedures working group that is finalizing draft edits of SOPs.

Issue Owner
Chief Operations Officer

Current Due Date:
6/25/2026

Recommendation 25-05-02 Job Description Documents Need Reviewed	**Risk Level: Low**
Audit Committee Report Date: September 22, 2025	**Current Status: Open**

Recommendation:
Operations management should work with Human Resources to review all job description documents and make necessary updates.

Current Status from Internal Audit:

No update since last Audit Committee meeting.

Current Management Status Update:
Special Services managers have been assigned to review job descriptions for their areas of responsibility. Reviews are in progress.

Issue Owner
Chief Operations Officer

Current Due Date:
6/25/2026

Recommendation 25-05-03 Scheduling Call Time Goals	Risk Level: Low
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:
IA recommends that management revaluate scheduling staffing needs to assess if increased staff would shorten average call hold times.

IA recommends that management reevaluate scheduling call time goals. If maintaining the current goal of fielding all calls under two minutes is determined to be practicable, IA recommends that Management provide targeted training and oversight to reduce call times.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management has hired three new staff members and is repurposing an existing role to create a supervisor role in Quality and Assurance. Management also is reviewing hold time metrics to ensure they are accurate and will collect and monitor data to verify performance levels.

Issue Owner
Chief Operations Officer

Current Due Date:
6/25/2026

Recommendation 25-05-04 Scheduling Process Formalization	Risk Level: Mod
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:
IA recommends that after the successful implementation of Workforce Management the updated scheduling process be formalized as a Standard Operation Procedure.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is creating a standard operating procedure that documents the process of completing Paratransit next-day trip assignments with driver assignments.

Issue Owner
Chief Operations Officer

Current Due Date:
6/25/2026

Recommendation 25-05-05 Employee Licensing Records	Risk Level: Low-Mod
Audit Committee Report Date: September 22, 2025	Current Status: Open

Recommendation:
IA recommends that records of CDL licensure of employees driving revenue vehicles is maintained in a manner where business units can reconcile which employees are coming up on their five-year CDL license expiration date.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
The CDL process is designed to be self-service in Workday. Employees are notified when CDLs are expiring. Reports are sent to service unit admins to schedule renewal appointments. Employees are responsible for updating CDL records in their Workday profiles.

Issue Owner
Chief Operations Officer

Current Due Date:
6/25/2026

P. 25-10 Mount Ogden Bus Maintenance Audit

Recommendation R-25-10-01 Standard Operating Procedures Need Reviewed	Risk Level: Mod
Audit Committee Report Date: June 16, 2025	Current Status: Open

Recommendation:
- Operations management should work with the Safety Department to review safety-related SOPs and make necessary updates.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:

Management is in the process of establishing a new quality management function that will guide and support systematic review, revision, and control of documented procedures within operations, maintenance, and public safety. This work includes the deployment of a quality management system designed to elevate procedures, strengthen compliance, and proactively identify/mitigate operational risks.

Action Plan:

- Review the related procedures in collaboration with the Safety Department.
- Prioritize procedures based on regulatory urgency, operational impact, and risk.
- Implement a recurring review schedule aligned with UTA policy and industry standards.
- Deploy a quality management system to support document control and compliance tracking.

Issue Owner
Chief Operations Officer

Current Due Date:
June 16, 2026

Recommendation R-25-10-02 Job Description Documents Need Reviewed	**Risk Level: Low**
Audit Committee Report Date: June 16, 2025	**Current Status: Open**

Recommendation:
Operations management should work with Human Resources to review all job description documents and make necessary updates.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is in the process of working with HR/Talent Acquisition to review job descriptions. Action Plan:

- Review current job descriptions with maintenance
- Work with the Maintenance General Manger/ Bus Maintenance Director for any new job descriptions needed

Issue Owner
Chief Operations Officer

Current Due Date:
June 16, 2026

Q. 25-01 Environmental Governance Audit

Recommendation R-25-01-01 Develop and Adopt DESP Policy	Risk Level: Mod
Audit Committee Report Date: December 15, 2025	Current Status: Open

Recommendation:

1. IA recommends that management work with UTA's Continuous Improvement team to create process maps for the high priority tasks to define the structure, participants, inputs, and outputs of those tasks. These process maps will assist in identifying the necessary elements to include in policy, SOP, and job descriptions.

2. IA recommends that management develop and adopt a singular policy that specifically documents the DESP team's regulatory oversight, authority, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives with sufficient detail over the following high priority tasks:
    - A. SPCC plan development and compliance activities for required facilities.
        - i. Description of what is included in an SPCC plan.
        - ii. Description of activities relating to the SPCC such as:
            - Petroleum Storage Tank (PST) testing and registration
            - PST inspections of aboveground and underground tanks
            - Collection of Auto Tank Gauging records
        - iii. Description of when (frequency, due dates, etc.) each task is to be completed.
        - iv. Description of outputs (such as formal documents, reports, filings, etc.) for all activities.
        - v. Documenting standards regulating all outputs.

    - B. SWPP plan development and compliance activities for required facilities.
        - i. Description of what is included in an SWPP plan.
        - ii. Description of activities relating to the SWPP such as:
            - Facility storm water permit registration
            - Comprehensive site compliance evaluations
            - Non-storm water discharge evaluations
            - Visual inspection of facilities and storm drainage
            - Routine inspection of facilities and storm drainage
            - Sand/Oil/Ground water sampling
        - iii. Description of when (frequency, due dates, etc.) each task is to be completed.
        - iv. Description of outputs (such as formal documents, reports, filings, etc.) for all activities.
        - v. Documenting standards and regulations related to activities and outputs.

    - C. Industrial Waste compliance management for required facilities.
        - i. Description of compliance activities relating to Industrial Waste management including:
            - Registration for Hazardous Material Permits
            - Sewer sampling reports
            - Hazardous Material disposal process
        - ii. Description of when (frequency, due dates, etc.) each task is to be completed.

iii. Description of outputs (such as formal documents, reports, filings, etc.) for all activities.
iv. Documenting standards and regulations related to activities and outputs.

D. NEP requirements for UTA Capital Development projects.
   i. Description of activities relating to NEPA and environmental study reports for Capital Development projects including:
      - Construction Storm Water Permits
      - Environmental evaluations
   ii. Description of when (frequency, due dates, etc.) each task is to be completed.
   iii. Description of outputs (such as formal documents, reports, filings, etc.) for all activities.
   iv. Documenting standards and regulations related to activities and outputs.

E. UTA's Sustainability plan development and strategy.
   i. Description of what is included in UTA's Sustainability plan.
   ii. Description of activities relating to Sustainability including:
      - UTA Sustainability Report
      - Sustainability Steering Committee
   iii. Description of when (frequency, due dates, etc.) each task is to be completed.
   iv. Description of outputs (such as formal documents, reports, filings, etc.) for all compliance activities.
   v. Documenting standards and regulations related to activities and outputs.

Current Status from Internal Audit:
No update since last audit Committee meeting.

Current Management Status Update:
The DESP team currently operates under an existing Environmental Protection Policy and a Sustainability Policy. Management Action Plan:

- Review and update, if necessary, existing Environmental Protection Policy (2024 policy approved by policy committee and sent to Board of Trustees for final approval was delayed due to policy/sop process update/review by outside legal counsel). The Environmental Protection policy will cover environmental compliance (industrial wastewater, SPCC, & SWPPP) and NEPA.
- Review and update, if necessary, existing, Board approved, Sustainability Policy, approved October 11, 2023. The Sustainability Policy will be a standalone policy for sustainability and cross-referenced in the Environmental Protection policy.

Issue Owner
Chief Capital Services Officer

Current Due Date:
November 7, 2026

Recommendation R-25-01-02 Develop SOPs for high priority tasks*	Risk Level: Mod
Audit Committee Report Date: December 15, 2025	Current Status: Open

**The original title was "Develop SOPs for high priority tasks listed in DESP Policy".*

Recommendation:

1. IA recommends that management work with UTA's Continuous Improvement team to create process maps for the high priority tasks to define the structure, participants, inputs, and outputs of those tasks. These process maps will assist in identifying the necessary elements to include in SOP.

2. IA recommends that management develop and adopt SOPs for the following high priority tasks:

A. SPCC plans.

v. List steps for staff to complete the task.

vi. List steps for staff to complete all necessary activities, such as:

- Petroleum Storage Tank (PST) testing and registration
- PST inspections of aboveground and underground tanks
- Collection of Auto Tank Gauging records

vii. Description of who within the DESP team performs each task.

viii. Description of other stakeholders (other UTA departments, third parties, etc.) involved in the completion of each task.

- If other offices are performing work, management will need to work with those offices to adopt Agency SOP

ix. Description of where the outputs (such as formal documents, reports, filings, etc.) are stored and where, when, and by whom they are distributed.

B. SWPP plans

i. List steps for staff to complete the task.

ii. List steps for staff to complete all necessary activities, such as:

- Facility storm water permit registration
- Comprehensive site compliance evaluations

- Non-storm water discharge evaluations
- Visual inspection of facilities and storm drainage
- Routine inspection of facilities and storm drainage
- Sand/Oil/Ground water sampling

iii. Description of who within the DESP team performs each task.

iv. Description of other stakeholders (other UTA departments, third parties, etc.) involved in the completion of each task.

- If other offices are performing work, management will need to work with those offices to adopt Agency SOP

v. Description of where the outputs (such as formal documents, reports, filings, etc.) are stored and where, when, and by whom they are distributed.

C. Industrial Waste management

i. List steps for staff for all necessary activities, such as:

- Registration for Hazardous Material Permits
- Sewer sampling reports
- Hazardous Material disposal process

ii. Description of who within the DESP team performs each task.

iii. Description of other stakeholders (other UTA departments, third parties, etc.) involved in the completion of each task.

- If other offices are performing work, management will need to work with those offices to adopt Agency SOP

iv. Description of where the outputs (such as formal documents, reports, filings, etc.) are stored and where, when, and by whom they are distributed.

D. NEPA and environmental evaluations for Capital Development projects

i. List steps for staff to complete all necessary activities, such:

- Construction Storm Water Permits
- Environmental evaluations

ii. Description of who within the DESP team performs each task.

iii. Description of other stakeholders (other UTA departments, third parties, etc.) involved in the completion of each task.

- If other offices are performing work, management will need to work with those offices to adopt Agency SOP

iv. Description of where the outputs (such as formal documents, reports, filings, etc.) are stored and where, when, and by whom they are distributed.

E. UTA's Sustainability plan development and compliance activities.

i. List steps for staff to complete all necessary activities, such as:

- UTA Sustainability Report
- Sustainability Steering Committee

ii. Description of who within the DESP team performs each task.

iii. Description of other stakeholders (other UTA departments, third parties, etc.) involved in the completion of each task.

- If other offices are performing work, management will need to work with those offices to adopt Agency SOP

iv. Description of where the outputs (such as formal documents, reports, filings, etc.) are stored and where, when, and by whom they are distributed.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
The DESP team currently operates under an existing Environmental Review SOP and an existing SWPPP SOP. Management Action Plan:

- Draft and adopt an Industrial Wastewater SOP
- Update current Environmental Review Process SOP dated 2007 and adopt
- Draft and adopt an SPCC SOP
- Draft and adopt a Sustainability SOP
- Update current SWPPP SOP dated 2004 and adopt

Issue Owner
Chief Capital Services Officer

Current Due Date:
November 7, 2026

Recommendation R-25-01-03 Job Description Review	**Risk Level: Low**
Audit Committee Report Date: December 15, 2025	**Current Status: Open**

Recommendation:

1. IA recommends that management work with UTA's Continuous Improvement team to create process maps for the high priority tasks to define the structure, participants, inputs, and outputs of those tasks. These process maps will assist in identifying the necessary elements to include in job descriptions.

2. Management should work with Human Resources to review all job description documents and make necessary updates. Job descriptions should align with updated policy and SOPs.

Current Status from Internal Audit:
No update since last Audit Committee meeting.

Current Management Status Update:
Management is working with Human Resources to review all job description documents and make necessary updates. Job descriptions will align with updated policy and SOPs, as appropriate.

Issue Owner
Chief Capital Services Officer

Current Due Date:
November 7, 2026

R. 25-07 Buy America Compliance Audit

Recommendation R-25-07-01 Insufficient reviews of minimum domestic content	**Risk Level: Low**
Audit Committee Report Date: December 15, 2025	**Current Status: Open**

Recommendation:
IA recommend that management develop procedures to evaluate the accuracy of minimum domestic content percentages stated by manufacturers and perform those procedures in all bus procurements.

Current Status from Internal Audit:
Management submitted a new action plan for the issue. This demonstrates ongoing attention to the matter.

Current Management Status Update:
Management reviewed existing frameworks for light rail vehicle procurement during Q4 2025 and is developing bus procurement verification procedures during Q1 2026 to implement during Q2-Q3 2026 rail vehicle procurements.

Issue Owner
Chief Capital Services Officer

Current Due Date:
November 5, 2026

Appendix C: Issues Closed Since Last Report

A. 21-04 Bus Operations and Safety Preliminary Assessment

Recommendation R-21-03 External Announcements	Risk Level: Mod
Audit Committee Report Date: August 23, 2021	Current Status: Closed

Recommendation:

- Fully automated and high audio quality external speakers should be installed on buses.
    - As a preliminary step to implementation, Management should research options, feasibility, and cost.
- Audio quality of existing speakers should be regularly inspected and adjusted as necessary.
- An interim alternative would be to require the use of outside speakers at least on the routes that are most likely to need them.

Current Status from Internal Audit:
Internal Audit reviewed evidence provided by management showing that installing new speaker systems is in progress.

B. 21-06 Preliminary Assessment of Fuel Costs

Recommendation R-21-06-08 Fuel Access*	Risk Level: Low
Audit Committee Report Date: November 15, 2021	Current Status: Submitted for Change

**Original recommendation did not have a title*

Recommendation:

- Existing badge data should be cleaned and standardized. This cleanup could include:
- Ensure that names match human resource records.
- Ensure an employee's department matches human resource records.

[redacted]

Current Status from Internal Audit:
This issue is closed based on management accepting the risk. Internal Audit reviewed current access logs and found 17 individuals with fuel access that are former UTA employees. Management stated that a mitigating control is that there are additional physical security at the facility sites with access that depends on the UTA badging system. [redacted]

Internal Audit disagrees with management's decision to accept the risk associated [redacted]

C. 23-11 Recruitment Assessment

Recommendation R-23-11-J Recruiter Training	Risk Level: Mod
Audit Committee Report Date: June 26, 2023	Current Status: Closed

Recommendation:

- Provide standardized onboarding and ongoing development training to Recruiters

Current Status from Internal Audit:
Management has established documents for instructing recruiters on key aspects of performing tasks. The issue can be closed.

669 West 200 South
Salt Lake City, UT 84101

Utah Transit Authority

MEETING MEMO

Audit Committee **Date:** 3/9/2026

TO: Audit Committee
FROM: Mike Hurst, Director Internal Audit
PRESENTER(S): Mike Hurst, Director Internal Audit
Johanna Goss, Senior Internal Auditor
Cody Steffensen, Video Security Supervisor

TITLE:

Video Security Audit Report (25-04)

AGENDA ITEM TYPE:
Report

RECOMMENDATION:
Informational report for discussion.

BACKGROUND:
The 2025 Internal Audit Plan included audit engagement 25-04 Video Security. UTA has video security cameras installed in facilities and on certain vehicles as a tool for safety and security. This audit evaluated the governance and risk management activities of the department, video security program controls, and police department body cameras.

DISCUSSION:
Internal Audit will report on observations and recommendations from the audit.

ALTERNATIVES:
Not applicable

FISCAL IMPACT:
Not applicable

ATTACHMENTS:
25-04 Video Security Report

INTERNAL AUDIT

Video Security Audit

25-04

January 28, 2026

Table of Contents

Rating Matrix

Descriptor	Guide
High	Major uncertainties are present. More is unknown than is known. No experience and/or data is available. Structure and resources are not established.
Moderate-high	Many uncertainties are present. Experience and/or data are limited. Structure and resources are incomplete, unproven and/or immature.
Moderate	Some uncertainties are present. As much is known as is unknown. Sufficient experience and data exist but may not be fully utilized. Structure and resources are adequate.
Low-moderate	Minor uncertainties are present. Strong experience and data exist. Structure and resources are well designed and supported.
Low	Little to no uncertainties remain. Significant experience and data exist and are fully utilized. Structure and resources are robust.

Risk ratings are determined in consultation with management using UTA's Failure Mode Effects Analysis methodology.

Distribution List

Title	For Action[1]	For Information	Reviewed prior to release
Audit Committee		*	
Executive Director		*	*
Director Safety and Security	*	*	*
Chief Operating Officer		*	*
Chief of Police – Public Safety Manager	*	*	*

[1]For Action indicates that a person is responsible, either directly or indirectly depending on their role in the process, for addressing an audit finding.

Executive Summary

Introduction

The Utah Transit Authority ("UTA") Audit Committee directed the Internal Audit department ("IA") to conduct a performance audit over UTA's Video Security. The Audit Committee approved the Audit Plan that included this engagement on March 10, 2025.

Background and Overview

UTA uses video surveillance to enhance and promote public safety, deter criminal activities, assist in maintenance and operational tasks, safeguard property, and support security and Law Enforcement endeavors. UTA has cameras in revenue vehicles, non-revenue vehicles, service platforms, Right of Way property, and facilities. Data is valuable as it can be recalled for instruction, security, and investigation purposes. UTA employs three video security systems that capture all data in vehicles and on UTA property. UTA's Video Security team consists of three security specialists and three technicians overseen by the Video Security Supervisor. The Video Security team is part of UTA Safety and Security's organizational structure.

Objectives and Scope

IA based the audit objectives and scope on the results of planning procedures that included discussions with management, and assessments of risk and fraud risk. The topics for the audit were:

1. Governance
   IA reviewed policies and procedure documents, instruction manuals, and job description documents.

2. Risk Management
   IA verified management's participation in training and surveys from the Enterprise Risk Management department.

3. Video Security Program Controls
   IA reviewed procedures and controls around key video security activities, including maintenance, video distribution, privacy requirements, and backup and recovery procedures.

4. Assessment of expanding video security for UTA Police Department
   IA performed research to determine if it would be practical and advisable for UTA Law Enforcement Officers to wear body cameras while on active duty.

IA set the audit period as January 1, 2022, through May 31, 2025.

1. Governance

IA reviewed the governing policy and the standard operating procedures ("SOP") to determine how recently management has updated them. The policy governing UTA's video security is formally established but is currently under review and has not been re-adopted since 2021. Management is currently documenting SOP that covers video access, retention, and reporting camera issues. IA recommends that both the policy and SOP be finalized and adopted.

IA reviewed the job description documents for all Video Security positions. Job descriptions exist for all the key positions for UTA Video Security team. All positions have been updated during the reporting period and include minimum experience and job duties. Training efforts are documented through UTA's Learning Management System (LMS) along with the requirement for employees to observe UTA's Audio/Video Security Agreement.

2. Risk Management

IA confirmed that management has recently participated in all expected risk management activities with the Enterprise Risk Management department, including the completion of training and risk surveys.

3. Video Security Program Controls

UTA policy and SOP documents procedures for controlling access to captured audio and video data. This is true for live monitoring, video data analysis, and requesting recordings for a specific event. Monitoring video live is reserved for control centers and the video security team only for permitted purposes: promoting safety for patrons and employees, safeguarding UTA property, improving emergency responses, and assisting Law Enforcement responders when necessary. Unauthorized personnel do not have access to UTA control centers where live camera feeds are monitored.

Any access to recorded data must be approved by the Video Security Supervisor. The application process requires internal requestors to document justification for their request, provide a specific event or timestamp, get approval from their manager, confirm understanding of UTA's Video Security policy, and sign an Audio/Video Security agreement. Any requested video pulled via the process is preserved and stored in accordance with UTA retention policies. Policy and the audio/video security agreement clearly outline prohibited uses of video security and refer to privacy considerations and requirements. While current policy is clear, it does not restate specific language contained in UTA's Collective Bargaining Agreement about viewing footage. IA recommends that management address this issue.

The Video Security team conducts system maintenance through a ticket system, allowing for other internal stake holders to request maintenance to be done. All completed work is tracked by the Video Security Team.

4. Video Security Expansion to PD body cameras

UTA's Police Department (PD) relies on video security equipment to promote public security, safeguard UTA employees, and support officers in law enforcement endeavors. Currently, UTA does not equip its law enforcement offices with body cameras. Body cameras are common nationwide and have been used by local police since 2013. Body cameras can be advantageous to assist PD officers in interactions with the public, corroborate evidence of internal and collaborative PD investigations, and expand transparency. Expansion of body camera usage for UTA

PD would require developing additional policy that aligns with Utah state code. IA recommends that UTA evaluate the feasibility of expanding video security measures by introducing police body cameras.

5. Overall Engagement Conclusion

The UTA Video Security team demonstrates satisfactory performance aligned to organizational objectives, with a limited number of focused improvement opportunities in formalizing governance documents and expanding surveillance.

Finding 25-04-01 Complete and Adopt Video Security Policy Edits — Risk Level: Low-moderate

Criteria

UTA Board of Trustees Policy No. 1.1 "Process for Establishing Board Policies", II.D.1. states,

> *All policies and procedures including Board policies, UTA Policies, and Standard Operating Procedures will be reviewed for revision or confirmation as required by statute at least every three years.*

Condition

IA reviewed the main governing Video Security policy to determine its last date of review. The last update and adoption of the policy was in 2021. Management has been active in updating and reviewing the Policy since August 2024.

Policy references prohibited use of video security but does not include verbiage matching prohibited data usage contained in UTA's Collective Bargaining Agreement.

Cause

Not applicable.

Effect

- Outdated policies may be obsolete, unclear, and can decrease business unit efficacy.
- Internal use and understanding of policy may not comply with structure and addendums of redline version.

Recommendation

1. We recommend that Video Security management finalize and adopt the recent review of UTA's Video Security Policy.
2. We recommend that Video Security management update the policy so that language around prohibited video security usage matches UTA's Collective Bargaining Agreement.

Management Response and Action Plan:

Management agrees with the recommendation and recognize the importance of updating policies and procedures. Safety & Security has a 3rd party company reviewing and helping us with SOP's and Policy within the S&S department.

Responsible:

Video Security Supervisor

Target Completion Date:

Q4 2026

Finding 25-04-02 Complete and Adopt Video Security Agency SOP — Risk Level: Low-moderate

Criteria

UTA Board of Trustees Policy No. 1.1 "Process for Establishing Board Policies", II.D.1. states,

> *All policies and procedures including Board policies, UTA Policies, and Standard Operating Procedures will be reviewed for revision or confirmation as required by statute at least every three years.*

Condition

Management has drafted an SOP that outlines standard practices used to manage video security and support UTA's Video Security policy. The document establishes the process of requesting access to the system and general maintenance. Requesting specific video or general system access is a distinct process that various stakeholders may need to review to successfully engage in the process. Any additional procedural standards contained in the same document weakens focus on how UTA personnel can retrieve data. The additional procedures for video system maintenance (reporting issues and scheduled assessments) could be separated into a separate SOP document for easier reference and division of procedures. As the SOP has yet to be adopted, the control environment cannot be considered finalized.

Cause

Not applicable

Effect

- Outdated operating procedures may not reflect current controls and can decrease business unit effectiveness.
- Information security processes may be compromised if SOPs are not compliant and up to date with adopted practices.

Recommendation

1. We recommend that Video Security management finalize and adopt the Video Security SOP to formally set the key controls of Video Security processes.

2. We recommend that Video Security management consider dividing the Video Security SOP into two separate SOP documents focusing on the following:
    a. Video System Access, Requests, and Retention, including retention abilities and schedules of all video security systems.
    b. Reporting System Issues and Assessments, including establishing schedules for completing and tracking functionality assessments.

Management Response and Action Plan:

Management agrees with the recommendation and recognizes the importance of updating policies and procedures. Safety & Security has a 3rd party company reviewing and helping us with SOP's and Policy within the S&S department.

Responsible:

Video Security Supervisor

Target Completion Date:
Q4 2026

Finding 25-04-03 Video Security Body Camera Adoption	Risk Level: Moderate

Criteria
Committee of Sponsoring Organizations of the Treadway Commission (COSO) principle 10 states,

> *The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.*
>
> *Management considers how the environment, complexity, nature, scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.*

UTA Policy: UTA.03.02 "Video Security Policy" states,

> *The Video Security System is used to enhance and promote public safety, deter criminal activities, assist in maintenance and operational tasks, safeguard Utah Transit Authority (UTA) property, and support security and Law Enforcement endeavors.*

Condition
UTA currently does not use police body cameras but relies on fixed cameras at facilities and on vehicles to support security and law enforcement endeavors. Interviews with management and transit police outside of UTA illustrate that equipping UTA's police department (PD) with body cameras would be advantageous. Body cameras would improve documentation of interactions between officers and the public, corroborate evidence of internal and collaborative PD investigations, lead to quicker resolution of any investigations, and expand transparency. Furthermore, research published in 2020 by the National Police Foundation suggests that body cameras can have a positive impact on investigations and community attitudes if integrated with the other tools and controls used by UTA PD.

Cause
Not applicable.

Effect
- Documentation of PD interaction with the public may be limited depending on location and available audio.
- Data used for internal and external PD collaborative investigations is subject to system limitations.
- Use of PD body cameras can increase transparency and positive perception from UTA's ridership and the community.
- PD body cameras can capture more accurate data of PD interactions with the public to verify evidence in investigations.

Recommendation
1. We recommend that Video Security management work with the UTA Police Department to determine the advisability and feasibility of incorporating body cameras into UTA's video security measures.

a. Considerations in the evaluation should include cost, legal, data management, civil rights considerations, and public relations considerations.

Management Response and Action Plan:
Management agrees with this recommendation and recognizes the potential benefits from body-worn cameras but is aware of potential implementation challenges. Management will work with key stakeholders to perform a risk assessment and feasibility study for body-worn cameras at UTA PD and provide recommendations upon completion.

Responsible:
Director, Safety and Security

Target Completion Date:
March 10, 2027