



INTERNAL AUDIT

Buy America Compliance Audit

25-07

November 5, 2025

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Rating Matrix

Descriptor	Guide
High	Matters considered being fundamental to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within three months.
Medium	Matters considered being important to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within six months.
Low	Matters considered being of minor importance to the maintenance of internal control or good corporate governance or that represents an opportunity for improving the efficiency of existing processes. These matters should be subject to agreed remedial action and further evaluation within twelve months.

Distribution List

Title	For Action ¹	For Information	Reviewed prior to release
Audit Committee		*	
Executive Director		*	*
Chief Capital Services Officer	*	*	*
Director of Capital Vehicles	*	*	*
Chief Financial Officer		*	*
Director of Supply Chain		*	*
Procurement Supervisor		*	*

¹For 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 an audit of UTA controls to ensure compliance with Buy America requirements. The Audit Committee approved the Audit Plan that included this engagement on March 10, 2025.

Background and Overview

Buy America is a set of United States laws and regulations that require federally funded infrastructure (e.g., buildings, bridges) or rolling stock (e.g., buses, trains) use materials and assembly labor sourced in the United States. Buy America applies to any UTA infrastructure or rolling stock procurement that has a federal funding component. Internal Buy America compliance activities are a joint effort between project managers and the Procurement department.

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 audit was limited to rolling stock procurements. The topics for the audit were:

1. Governance
IA reviewed policies and procedure documents, job description documents, Buy America related training, and how management stays updated on Buy America changes.
2. Risk Management
IA verified if management was participating in training and surveys from the Enterprise Risk Management department.
3. Procedures and controls around Pre-Award Audit
Buy America requirements include what is called a Pre-Award Audit, which is an evaluation of a manufacturer’s capability to provide rolling stock that is compliant with Buy America before a contract is awarded. IA evaluated management’s procedures and controls for Pre-Award Audits to determine if they were sufficiently designed to ensure compliance with Buy America.
4. Procedures and controls around Post-Delivery Audits.
Buy America requirements include what is called a Post-Delivery Audit, which is an evaluation of a manufacturer’s capability to provide rolling stock that is compliant with Buy America before the contract is fulfilled. IA evaluated management’s procedures and controls for Post-Delivery Audits to determine if they were sufficiently designed to ensure compliance with Buy America.

Note that IA’s objectives were to evaluate the control environment around how UTA ensures Buy America compliance and not compliance testing.

IA set the audit period as January 1, 2024, through June 30, 2025. IA reviewed other periods as necessary.

Summary

IA reviewed job descriptions for employees involved in Buy America compliance and found that they all sufficiently describe Buy America compliance responsibilities. We reviewed the Procurement department's procedure manuals and found that they adequately assign responsibility for compliance and compliance procedures. Management has participated in Buy America related training and subscribes to alerts that would be likely to inform them of any changes to Buy America requirements.

Management has strong procedures and controls for most aspects of the Pre-Award and Post-Delivery Audits of rolling stock procurements. We noted that management does not scrutinize minimum domestic content figures provided by manufacturers in bus procurements. We recommend that they develop procedures to evaluate the accuracy of minimum domestic content percentages stated by manufacturers and perform those procedures in all bus procurements.

Attachment A: Detail of Recommendations

Finding 25-07-01 Insufficient reviews of minimum domestic content

Risk Level: Low

Criteria

49 CFR 663.25 states the Pre-Award Audit requirements for domestic content. In summary, a waiver must be on file or a certification that the buyer:

...is satisfied that the rolling stock to be purchased meets the requirements...after having reviewed itself or through an audit prepared by someone other than the manufacturer or its agent documentation provided by the manufacturer which lists- Component and subcomponent parts of the rolling stock to be purchased identified by manufacturer of the parts, their country of origin and costs.

49 CFR 663.35 states the requirements for verifying domestic content in a Post-Delivery Audit:

For purposes of this part, a post-delivery Buy America certification is a certification that the recipient keeps on file that- The recipient is satisfied that the rolling stock meets the requirements....after having review itself or by means of an audit prepared by someone other than the manufacturer or its agent documentation provided by the manufacturer which lists- components and subcomponent parts of the rolling stock identified by manufacturer of the parts, their country of origin and costs...

Condition

During procurement of fixed route buses, management relies on the manufacturer to provide information on the domestic content percentages of their assembled buses in both the Pre-Award and Post-Delivery Audits. Management accepts this information as accurate without further review or scrutiny.

This stands in contrast to management's approach in a recent procurement of light rail vehicles. For this procurement, management hired a third party to perform the Pre-Award Audit. The third party describes their procedures in the report:

The [third party] team reviewed the Buy America Breakdown matrix presented by [manufacturer], ensuring all quotes, Memorandum of Understandings (MOUs), and certifications were aligned with Buy America regulations. Foreign-origin components were scrutinized for accuracy, and pricing was verified.

This is a strong practice that will hold up to federal audit scrutiny better than accepting the manufacturer's figures without further validation.

Cause

Not applicable.

Effect

Management is responsible for Buy America compliance deficiencies if found in a federal audit. Potential penalties for non-compliance may include loss of future grant funding and claw-back of previous federal funding. Management can reduce this risk by performing meaningful evaluations of domestic content.

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.

Management Response and Action Plan

Management concurs with the recommendation. The Capital Vehicle team will develop and implement procedures, modeled after those recently used in the light rail vehicle procurement, to evaluate and verify the minimum domestic content percentages provided by bus manufacturers. These procedures will include documentation review and verification steps to ensure compliance with Buy America requirements. The team will incorporate this process into all future bus procurements to strengthen internal controls and ensure the accuracy of domestic content reporting.

Action Plan:

1. Review Existing Frameworks (Q4 2025)
 - Evaluate the procedures used during the recent light rail vehicle procurement to verify domestic content.
 - Identify key documentation, verification methods, and approval processes that can be adapted for bus procurements.
 - Coordinate with the bus manufacturer to ensure alignment with FTA guidance and internal compliance standards.
2. Develop Bus Procurement Verification Procedures (Q1 2026)
 - Draft a standardized checklist and review protocol for domestic content verification.
 - Define roles and responsibilities for Procurement, Project Management, Bus Manufacturer, and Compliance staff.
 - Establish criteria for requesting and validating manufacturer documentation (e.g., material cost breakdowns, supplier certifications, and Buy America affidavits).
 - Produce draft of the Pre-award audit for review.
3. Implement Procedures During 2026 Bus Production (Q2–Q3 2026)
 - Apply the new verification process as part of the upcoming 2026 bus procurement cycle.
 - Use this procurement as a pilot to test and refine the procedures.

- Document all verification steps, findings, and lessons learned to establish a baseline for future audits.
- Produce draft of the Post Delivery audit for review.
- 4. Finalize and Institutionalize Process (Q4 2026)
 - Finalize the Pre-Award and Post-Delivery audits
 - Update UTA's Pre-Award and Post-Delivery Audit procedures to incorporate the finalized verification process.
 - Provide reference materials to ensure consistent application.

Outcome:

UTA will establish a comprehensive process for verifying domestic content percentages in bus procurements that fully aligns with FTA Buy America requirements. The 2026 bus procurement will serve as the foundation for developing and testing the new procedures, allowing UTA to evaluate each verification step in real-time and adjust based on practical application. This hands-on approach ensures the process is grounded in actual procurement activities rather than theoretical design, resulting in stronger documentation and compliance evidence for future audits.

In parallel, UTA will apply and refine the new verification process during the 2026 paratransit bus production to confirm consistency and scalability across multiple vehicle types and manufacturers. The lessons learned from both procurements will be used to finalize the procedures and establish baseline documentation standards. This deliberate approach allows sufficient time to audit the process, confirm its effectiveness, and integrate it as a permanent component of UTA's Pre-Award and Post-Delivery Audit procedures by Q1 2027.

Responsible

- **Lead:** Director of Capital Vehicles
- **Support:**
 - Bus Vehicle Procurement Project Manager
 - Procurement Supervisor
 - Legal

Target Completion Date

Q1 2027