

**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.