



Utah Transit Authority

Audit Committee

MEETING MINUTES - Final

669 West 200 South
Salt Lake City, UT 84101

Monday, June 27, 2022

3:00 PM

FrontLines Headquarters

Present: Chair Carlton Christensen
Jeff Acerson
Beth Holbrook
Julie Fullmer
Mark Johnson

Note: Member Fullmer joined the meeting electronically.

Also attending were UTA staff and interested community members.

1. Call to Order

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

2. Pledge of Allegiance

Attendees recited the Pledge of Allegiance.

3. Safety First Minute

Sheldon Shaw, UTA Safety Officer, delivered a brief safety message.

4. Consent

a. Approval of April 18, 2022 Audit Committee Meeting Minutes

A motion to approve the consent agenda was made by Trustee Holbrook and seconded by Trustee Acerson. The motion carried unanimously.

5. Audit Approvals

a. 2021 UTA Annual Comprehensive Financial Report (ACFR) and National Transit Database (NTD) Agreed Upon Procedure Report

Troy Bingham, UTA Comptroller, presented the 2021 UTA Annual Comprehensive Financial Report (ACFR). He mentioned Scott Nickerson of Crowe LLP, the agency's external auditor and technical reviewer, will be joining the meeting remotely.

Mr. Bingham directed the committee's attention to the 125-page financial report for fiscal year ending December 31, 2021. He reviewed key highlights from the report including financial statements, pension financials and debt per capita.

Mr. Bingham referred to the compliance section of the ACFR, which starts on page 108.

Organizations who receive over \$750,000 in federal grant funding, are required to provide a separate audit for grant awards. UTA's federal grant awards in 2021 were valued at \$179 million.

There were four findings during the review, which Mr. Nickerson discussed later during his report.

Mr. Bingham closed by announcing the financial report will be submitted to the Government Finance Officers Association's Certificate of Excellence in Financial Reporting program.

Mr. Nickerson presented a report covering the purpose and scope of the financial audit, required communications, and associated findings.

The following four findings were identified:

- Information technology controls over change management
- Financial controls over pension trust
- Accounting for capital assets
- Federal transit cluster cash management

It was noted some of these findings were recurring items from the previous year.

Discussion ensued concerning repeat findings relating to the pension trust financial controls in addition to documenting financial processes. Mr. Bingham alluded to the outsourcing of five different contractors and lack of general management and controls as one of the key issues. The pension committee will be drafting a proposal to help remedy the finding in the late fall of 2022, which should be ready for a vote in December. Mr. Bingham acknowledged the lack of processes and staff turnaround that compounded other findings. New systems have been implemented and processes are being drafted to remedy these issues.

Mr. Nickerson pointed out the findings are tied to continuous improvement and are fairly common within transit agencies.

A motion was made by Trustee Acerson, and seconded by Member Johnson, that the 2021 UTA Annual Comprehensive Financial Report (ACFR), and the National Transit Database (NTD) be approved. The motion carried by a unanimous vote.

6. Internal Audit Update

a. Internal Audit Update

- **2022 Audit Plan Status**
- **Farebox Controls Review**

2022 Audit Plan Status

Mike Hurst, UTA Director - Internal Audit, was joined by Johanna Goss, UTA Senior Internal Auditor. Mr. Hurst provided a report on next phase projects, new projects, and special projects. This included a review of timelines and project status.

Fairbox Controls Review

Ms. Goss gave a report detailing several recommendations relating to farebox revenues control. The recommendations fall under three categories:

- Implementation of smart farebox technologies
- Tracking of current fareboxes
- Policies and procedures

Ms. Goss stated all risks have been alleviated and there are no concerns to report.

7. Internal Audit Report Review**a. Maintenance of Way Systems Audit Report**

Mr. Hurst, who was joined by Kevin Anderson, UTA Director of Maintenance Support, described the scope, review period and discoveries of the Maintenance of Way (MOW) Audit.

A resource gap was discovered with the lack of a dedicated training staff to support the apprenticeship program. This has caused an extra burden on staff and lack of documentation and processes, leaving UTA exposed to potential risk.

The recommendation is for the MOW to receive funding within the 2023 budget to hire a full-time training specialist to support the apprenticeship program.

Discussion ensued. Questions on standard operating procedures (SOPs) and the staffing budget were posed by the board and answered by staff.

b. Cell Phone Preliminary Performance Audit Report

Mr. Hurst was joined by Tom Smith, UTA IT Network Support Manager, and Shahaf Ardi, UTA Technology Support Supervisor. Mr. Hurst described the scope, review period and discoveries of the cell phone preliminary performance audit report.

Lack of resources within the information technology department to effectively manage the cell phone service, have created several areas of concern including:

- Lack of governance and management of the system
- Excessive and unnecessary expenditure
- Inaccurate record-keeping and missing devices
- Cell phone orders not being completed in a timely manner

Discussion ensued. Questions relating to device eligibility, identifying inactive or missing phones, termination of lines, laptop allocations, possible solutions, and a project timeline were posed by the board and answered by staff.

Kyle Brimley, UTA IT Director, joined the discussion and talked about governance, internal processes, and continuous improvement within the department. He mentioned individual departments can play an important role in assisting with

device management and control with their staff.

Mr. Hurst referred to a corrective audit action plan which includes a 2023 budget request for a full-time staff to manage cell phones in addition to governance from leadership for device approval and controls within their department.

c. Support Fleet Preliminary Performance Audit Report

Mr. Hurst was joined by Bill Greene, UTA Chief Financial Officer, and Trice Batty, UTA Fleet Vehicle Administrator and David Hancock, UTA Acting Director - Capital Development. Mr. Hurst described the scope, review period and discoveries of the support fleet preliminary performance audit report.

Mr. Hurst alluded to several concerns within the audit including lack of resources within the Service Development to effectively manage the support fleet. Lack of policies, processes, and security measures were major findings in addition to training for vehicle users.

Mr. Hurst summarized several vehicle statistics, including number of vehicles, estimated mileage of usage, and the estimated value of vehicles with low use. The estimated value of vehicles with low use, is \$2.8 million. This provides an opportunity to recuperate some value if the size of the fleet is reduced, based on usage.

Mr. Hurst and Mr. Greene provided a summary of the action items and recommendations to address the audit findings and improve the governance and resources of the vehicle fleet. These include tracking vehicle mileage, the hiring of two additional full-time staff, development of policies and procedures, and internal staff training for vehicle users. It was further suggested UTA contract with a fleet management consultant to assist with the development of a fleet management action plan and long-term strategies.

Discussion ensued. Questions relating to mileage, processes, resources, maintenance, and centralized management were posed by the board and answered by staff.

The board requested updates on the action plan and resolutions at future audit committee meetings.

8. Other Business

- a. Next Meeting: Monday, August 29th, 2022 at 3:00 p.m.

9. Adjourn

A motion was made by Trustee Acerson, and seconded by Trustee Holbrook, to adjourn the meeting. The motion carried by a unanimous vote and the meeting adjourned at 4:47 p.m.


Transcribed by Hayley Mitchell
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, audio, or video located at <https://www.utah.gov/pmn/sitemap/notice/764935.html> or <https://rideuta.legistar.com> for entire content.

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

Approved Date: 10/17/2022

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Carlton Christensen
Chair, Board of Trustees