

UTA Audit Committee Meeting

December 9, 2019



Call to Order and Opening Remarks



Safety First Minute



Watch Out for Fire-Starters



UTA 
SAFETY & SECURITY

December 2019



Approval of October 28, 2019 Audit Committee Meeting Minutes



Recommended Action (by acclamation)

Motion to approve



Agency Report



Peer Review Assessment Report



UTA

External Quality Assessment

Presented By Shane Young, Audit Manager &
Tammy Anderson, Internal Auditor



Quality Assessment Process Timeline

- **February 2019:** UTA Board of Trustees member Kent Millington requested UDOT to complete an external peer review of UTA Internal Audit.
- **April 2019:** UDOT Internal Audit presented to the Board of Trustees an external quality assessment.
- **June to August 2019:** Standards review of collected audit documentation from UTA.
- **September 2019:** Onsite interviews and observations at UTA headquarters.
- **November 2019:** UDOT Internal Audit Issuance of Quality Assessment Results.

Scope of Work

UDOT performed the external quality assessment in accordance with International Standards for the Professional Practice of Internal Auditing Standards (IIA Standards).

- Comprised of 200 verification questions of the 56 sections of the Standards
- Surveys distributed to 46 UTA employees (Note: 25 responses at a 54% response rate)
- Interviews: Two board members, chief financial officer, internal audit director, and one audit staff
- Sample review of three completed audit projects: Cash Management, Budget Management, State of Good Repair

Satisfactory Performance Recognition

- We found no material deficiencies with UTA compliance with IIA Standards.
- Internal Audit created and manages an ethics hotline in February 2019.
- Currently revisions with enterprise risk management will strengthen risk identification and treatment.
- Board of Trustees improved coordination with Internal Audit.
- Combined Assurance Framework group will identify and address compliance vulnerabilities and assist with specialized audits.

Continuous Improvement Opportunities

Frequent Review of Conflict of Interest will Further Affirm Audit Independence

Standard 1120, “auditors must have an impartial, unbiased attitude to avoid any conflict of interest.” The chief audit executive has the responsibility to ensure auditors are independent organizationally and with each project.

- Annual conflict of interest disclosures will further strengthen the internal audit director’s ability to attest for independence and objectivity of internal audit staff generally.
- Independence disclosure documents in each project will assure independence and objectivity on a project level.



Continuous Improvement Opportunities

Internal Audit May Find Opportunities to Strengthen Coordination with UTA Senior Management:

Standard 2010, the Chief Audit Executive consults with members of *senior management* and the *board* to “obtain an understanding the organization’s strategies, key business objectives, associated risks, and risk management processes.”

- UTA increased auditor independence by removing their presence from certain meetings and discussions with senior management. This has increased the need for more frequent communication to ensure Internal Audit understands and adapts their priorities to address the business needs of UTA senior leaders.



Risk Management Update





Risk Management

Crowe, LLP ERM Consultation Status

December 9, 2019

Purpose of the Crowe Consultation

- It was the recommendation of the Board and subsequently the FTA Monitor to conduct an independent Risk review, assessment, and analysis of enterprise risk management at Utah Transit Authority.
- Crowe was selected for this consultation that will provide:
 1. An in-depth evaluation of UTA's existing risk mitigation and management framework. **(Strategic Assessment)**
 2. Recommendations for the framework of a sustainable Enterprise Risk Management program to help shape business objectives. **(Enterprise Risk Management Plan)**

Crowe's proposal is to conduct these services in five phases:

1. Initial Planning
2. Risk Identification
3. Risk Assessment
4. Risk Management Practices Evaluation
5. Reporting

Key Accomplishments so far:

Phase 1: Initial Planning.

Crowe has completed their initial planning procedures which involved consultation with UTA to refine the project scope, deliverables, timeframe, roles and responsibilities, and project norms.

Phase 2: Risk Identification.

Crowe has completed their research and onsite interviews at UTA with members of leadership, the executive team, and various other members of management and are now preparing the initial risk inventory.

Next Steps:

Complete Phase 3: Risk Assessment.

Crowe has scheduled a Risk Assessment Summit/Forum with the executive management team on December 11th. At this meeting, they will facilitate a process for the executives to rate and rank the top risks identified in the risk inventory.

In early January 2020, Crowe's team will deliver the results of the risk assessment to the Executive Team and the Board of Trustees, and other key stakeholders as directed.

Next Steps:

Complete Phase 4 and Phase 5: Risk Management Practices Evaluation and Reporting

Crowe's team will then use the risks assessment results to complete the project, develop a gap analysis on UTA risk management practices, and tailor an ERM framework for UTA.

Timeline for completion:

Phase	Status	Timeline
1. Initial Planning	Completed	October 2019
2. Risk Identification	Completed	November 2019
3. Risk Assessment	On Schedule	December 2019
4. Risk Management Practices Evaluation	On Schedule	February 2020
5. Reporting	On Schedule	April 2020

Internal Audit Update



Audit Plan Status Update

2019 Internal Audit Plan Status

Audit	Timing	Executive	Status
State of Good Repair	Q1	COO	Completed
Budget Management	Q1	CFO	Completed
Cash Management	Q2	CFO	Completed
Maintenance of Way (Infrastructure)	Q2	COO	Completed
Data Access & Security	Q2	Executive Director	In progress
Payroll	Q3	CFO	In progress
Grants Management	Q3	Acting CSDO	Completed
Accounts Payable	Q4	CFO	In progress
Maintenance of Way (Systems)	Q4	COO	Postponed[≈]

[≈] Preliminary assessment postponed to 2020

Audit Recommendations - Open Items

Audit Recommendations Open Items - Audits

Audit	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress/ not started	
Family Medical Leave Act	4	4	0	-
Business Continuity/Disaster Recovery	10	10	0	-
Data Centers	5	5	0	-
Sales Tax Collections & Reporting	1	1	0	-
Davis-Bacon Compliance	1	1	0	-
Grants Management Follow-Up	6	6	0	-
Procurement	19	19	0	-
Transit Oriented Development	15	15	0	-

Audit Recommendations Open Items – Audits

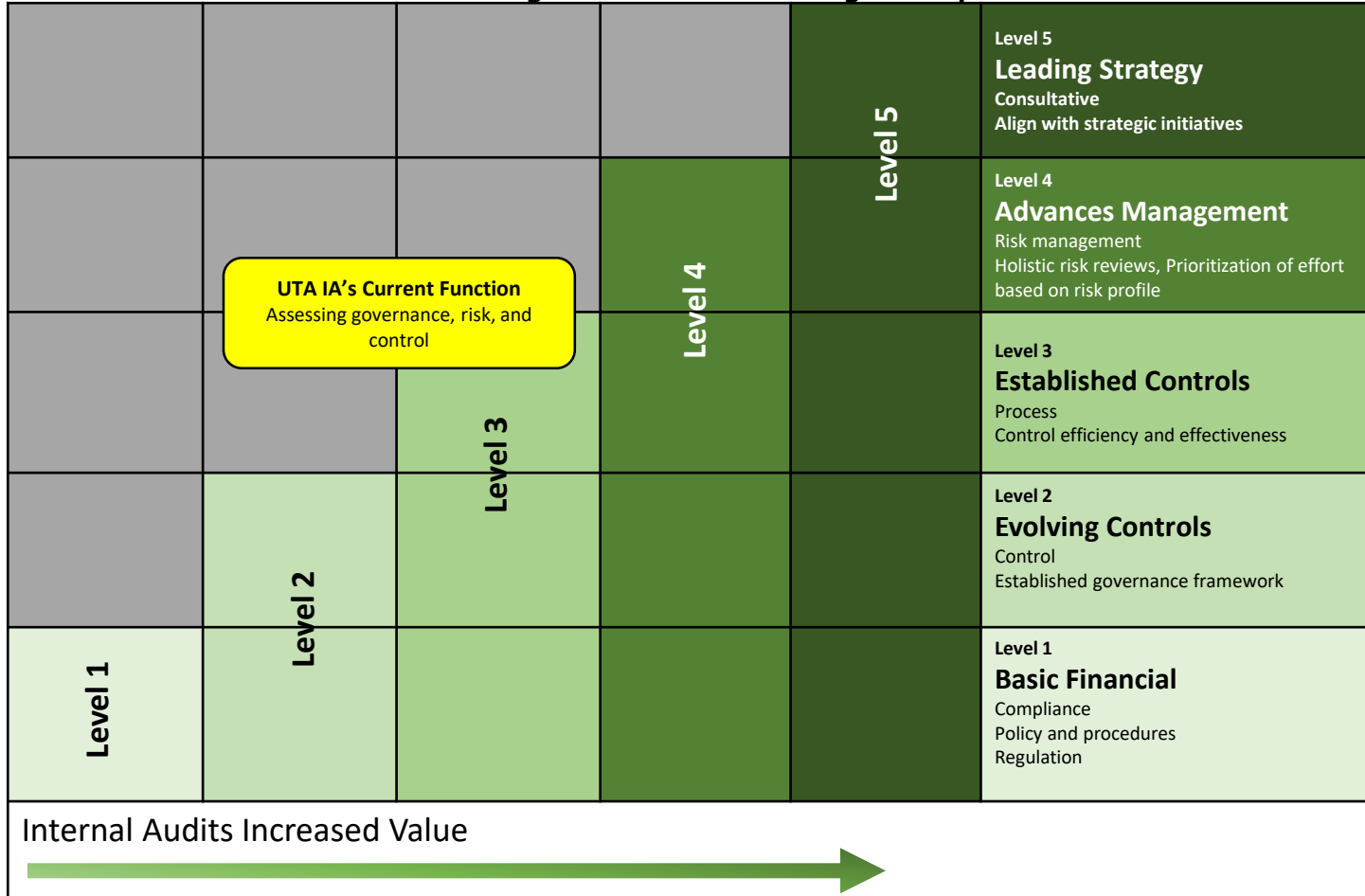
Audit	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress/ not started	
Cash Management	8	8	0	-
Grants Management	7	4	3	Q4, 2020
Inventory Management	8	8	0	-
IT General Controls	14	14	0	-
National Transit Database	5	0	5	Q2, 2020
Operating & Ridership Reporting	8	7	1	Q4, 2019
Purchase Card Compliance	15	15	0	-
Treasury Management	6	6	0	-
Vanpool Operations	14	10	4	Q2, 2020
Total	146	133	13	

Audit Recommendations Open Items – Preliminary Assessments

Assessment	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress/ not started	
Accounts Payable	8	1	7	Q2, 2020
Budget Management	6	0	6	Q1, 2020
Maintenance of Way (Infrastructure)	6	1	5	Q2, 2020
Payroll	7	7	0	-
State of Good Repair	11	0	11	Q2, 2020
Total	38	9	29	

Internal Audit Maturity Level

Internal audit must evolve as the organization's risk management processes evolve



Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

-The Institute of Internal Auditors (IIA)

Internal Audit Report Review

- a. Maintenance of Way Infrastructure Preliminary Assessment
- b. Grants Management Report



Maintenance of Way – Infrastructure Preliminary Assessment



Maintenance of Way - Infrastructure

- Preliminary Assessment period: 05/01/2018 – 04/30/2019

Assessment Scope - Included

- Governance
- Inspection
- Maintenance
- Third Party Contracts
- Training

Assessment Scope - Excluded

- MOW - Systems
- Assessment of MOW performance

Maintenance of Way - Infrastructure

- **Contracting**
- **Governance**
- **Inspection**
- **Maintenance**
- **Training**

Grants Management Audit

Grants Management

- **Audit period: 01/01/2019 – 05/31/2019**

Audit Scope - Included

- | | |
|-----------------------------------|-------------------------------|
| • Governance | • Grant closeouts |
| • Grant approvals | • FFR and MPR reviews |
| • Contracting and payments | • Grant asset tracking |
| • Drawdowns | • Accounting |

Grants Management Audit

- **Governance**
- **Asset tracking**
- **Disposals**
- **Accounting**

Other Business

Next Meeting: February 10, 2020



Adjourn

