



**Minutes of the Meeting
of the
Utah Transit Authority Audit Committee
held at UTA FrontLines Headquarters located at
669 West 200 South, Salt Lake City, Utah
April 29, 2019**

Audit Committee Members Present:

Carlton Christensen, Chair
Beth Holbrook
Kent Millington
Jeff Acerson

Audit Committee Members Excused/Not in Attendance: Troy Walker

Also attending were members of UTA staff, interested citizens, and members of the media.

Call to Order and Opening Remarks. Chair Christensen welcomed attendees and called the meeting to order at 11:06 a.m.

Safety Minute. Chair Christensen yielded the floor to Sheldon Shaw, UTA Acting Manager of Safety and Security, for a brief safety message.

Approval of February 13, 2019 Audit Committee Meeting Minutes. A motion to approve the February 13, 2019 Audit Committee Meeting Minutes was made by Member Millington and seconded by Member Holbrook. The motion carried unanimously.

Approval of 2019 Audit Committee Schedule. A motion to approve the 2019 Audit Committee Schedule with an amendment to reflect the June date as June 10, was made by Member Holbrook and seconded by Member Millington. The motion carried unanimously.

Discussion Items.

Internal Audit Peer Review. Riana de Villiers, UTA Chief Internal Auditor was joined by Jim Holfeltz and Shane Young with the Utah Department of Transportation (UDOT). Ms. de Villiers indicated that the UDOT team is prepared to perform a peer review of UTA's audit function at no charge other than incidental expenses. She recommended a full external assessment, which would include a report generated by the UDOT evaluation team. Ms. de Villiers requested guidance from the committee on the scope of the review and noted the scope will be detailed in an agreement between UTA and UDOT.

Mr. Young remarked that peer reviews are standard practice and proposed an approach to performing the work. He then summarized his and Mr. Holfeltz's credentials.

Discussion ensued. Questions regarding external party review of the UDOT audit function and UDOT audit team participation in peer audits of other entities were posed by the committee and answered by the UDOT team. Chair Christensen asked Ms. de Villiers to prepare appropriate documentation for committee approval.

Audit Committee Charter. Ms. de Villiers explained that establishing an Audit Committee Charter is a best practice recommended by the State Auditor. The purpose of the charter is to govern and define the relationship between the Audit Committee and the Board of Trustees. Discussion ensued. Questions on the annual review process, alignment with bylaws, revision process, difference between the Audit Committee Charter and the Internal Audit Charter, and approval timelines were posed by the committee and answered by Ms. de Villiers.

Internal Audit Charter. Ms. de Villiers indicated that the Internal Audit Charter defines the relationship between the internal audit function and the Board of Trustees. Periodic review of the charter is required to meet best practice standards.

Internal Audit Update. Ms. de Villiers provided information on the progress of the 2019 internal audit plan. She explained that the scope of the maintenance of way audit will be modified due to internal restructuring. Discussion ensued. A question on the ability to meet the timelines outlined in the 2019 audit plan was posed by the committee and answered by Ms. de Villiers.

Ms. de Villiers summarized management compliance to internal audit recommendations. Discussion ensued. Questions on document retention standards and grants and asset management reconciliation practices were posed by the committee and answered by Ms. de Villiers.

Ms. de Villiers spoke about performing a survey to inform a quality assurance and improvement program assessment. The survey would include questions related to people, audit management and governance, audit process, overall effectiveness, and other general topics. Discussion ensued. A question on the commonality of this practice was posed by the committee and answered by Ms. de Villiers.

Ms. de Villiers explained that the international standards for internal audit require an assurance provider framework. She outlined the first lines of defense within an organization: 1) operational management, 2) risk management, 3) compliance functions, and 4) internal audit. An additional line of defense includes an external assurance provider. Aligning these functions assists in identifying redundancy and gaps. Ms. de Villiers indicated that Steve Meyer, UTA Interim Executive Director, has asked her to perform a risk assessment of the agency.

Internal Audit Report Review. Ms. de Villiers introduced Brenda Nelson, UTA Senior Internal Auditor.

Vanpool Report. Ms. de Villiers and Ms. Nelson were joined by Cheryl Beveridge, UTA Special Services General Manager; Michael Goldman, UTA Special Services Program Manager; Ben Adams, UTA Manager of Vehicle Performance and Maintenance; and Troy Bingham, UTA Comptroller. Ms. de Villiers then summarized the audit scope. Ms. Nelson discussed several recommendations included in the audit. Mr. Goldman spoke about processes that are being implemented to conform with the internal audit recommendations. Ms. Beveridge provided background information on the vanpool program. Discussion occurred throughout the presentation. Questions on the growth of the vanpool function, the number of vendors involved in the program, accident rates, driver training, vehicle tracking, vehicle life expectancy, receivables associated with vanpool, waivers, number of contracts, motor vehicle infraction tracking, driver profile, number of gas cards issued, availability of GPS units on vehicles, and speed management were posed by the committee and answered by staff.

Chair Christensen called for a short break at 12:25 p.m.

The meeting resumed at 12:40 p.m.

Inventory Management Report. Ms. de Villiers and Ms. Nelson were joined by Todd Mills, UTA Senior Supply Chain Manager. Mr. Mills provided an overview of the inventory facilities within the agency. Ms. de Villiers summarized the audit scope. Ms. Nelson discussed several recommendations included in the audit. Mr. Mills spoke about efforts to comply with the audit recommendations. Discussion occurred throughout the presentation. Questions on use of economies of scale, parts sharing process, and third party checks on inventory counts were posed by the committee and answered by Mr. Mills.

Payroll Preliminary Report. Ms. de Villiers and Ms. Nelson were joined by Mr. Bingham; Ms. Beveridge; Jacob Gomez, UTA Manager of Total Rewards; and Bruce Cardon, UTA Commuter Rail General Manager. Ms. de Villiers summarized the audit scope. Mr. Bingham explained the complexity of the payroll function at the agency. Ms. Nelson discussed several recommendations included in the audit. Mr. Bingham, Mr. Gomez, and Mr. Cardon spoke about actions taken to comply with the audit recommendations. Discussion occurred throughout the presentation. Questions on timekeeping procedures and bargaining unit input in the payroll system were posed by the board and answered by staff.

Other Business.

Next Meeting. The next audit committee meeting is tentatively scheduled for June 10, 2019 at 3:00 p.m.

Closed Session. Chair Christensen indicated there were matters to be discussed in closed session regarding the deployment of security personnel, devices, or systems. A motion for a closed session was made by Member Millington and seconded by Member Holbrook. The motion carried unanimously and the audit committee moved into closed session at 1:18 p.m.

Open Session. A motion to return to open session was made by Member Millington and seconded by Member Holbrook. The motion carried unanimously and the audit committee returned to open session at 1:38 p.m.

Adjournment. The meeting was adjourned at 1:39 p.m. by motion.

Transcribed by Cathie Griffiths
Executive Assistant to the Board Chair
Utah Transit Authority
cgriffiths@rideuta.com
801.237.1945

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