Minutes of the Regular Meeting of the
Utah Transit Authority (UTA) Audit Committee

Monday, February 10, 2020, 3:00 p.m.
Utah Transit Authority Headquarters
669 West 200 South, Salt Lake City, Utah
Golden Spike Conference Rooms

Audit Committee Members Present:
Carlton Christensen, Chair
Beth Holbrook
Kent Millington
Jeff Acerson
Troy Walker (via telephone)

Also attending were members of UTA staff.

Call to Order and Opening Remarks. Chair Christensen welcomed attendees and called the meeting to order at 3:02 p.m. He also noted Member Troy Walker was joining the meeting via telephone.

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

Consent. The consent agenda was comprised of:
- o Approval of December 9, 2019 Audit Committee Meeting Minutes
- o Approval of 2020 Meeting Schedule

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

Audit Committee Charter Approval. Riana De Villiers, UTA Chief Internal Auditor & Ethics Officer was joined by Bob Biles, UTA Chief Financial Officer. Ms. De Villiers reminded the committee that the charter is reviewed on an annual basis to ensure it remains relevant and

that it was last approved on June 10, 2019. She informed the committee that two minor changes relating to the external auditor's responsibilities have been proposed. Mr. Biles explained that the modifications add further language on the external auditor's responsibilities regarding state compliance requirements and agreed upon procedures. Ms. De Villiers clarified that staff is requesting the committee forward a positive recommendation to the Board of Trustees. Brief discussion ensued. A question regarding how the proposed language modifications will affect discussions with external auditors was posed by the committee and answered by staff.

A motion to forward a positive recommendation to the Board of Trustees for approval of the revised Audit Committee Charter was made by Member Walker and seconded by Member Holbrook. The motion carried by unanimous vote.

Internal Audit Charter Approval. Ms. De Villiers explained the Internal Audit Charter is also reviewed on an annual basis for relevancy as recommended by the International Standards for the Professional Practice of Internal Auditing and UTA's Bylaws. She noted one very minor change to simplify how business units and departments are called out. There was no discussion and committee members had no questions regarding the charter.

A motion to approve the revised Internal Audit Charter as presented was made by Member Holbrook and seconded by Member Millington. The motion carried by unanimous vote.

2020 Risk Assessment and Report. Dave Pitcher, UTA Claims & Insurance Manager was joined by Mark Maraccini and Bill Dykstra of Crowe, LLP. Mr. Pitcher explained as part of Crowe's contract they conducted an entity-wide review, assessment, and analysis of UTA's risk management. Mr. Maraccini provided the background for the project by noting that assessments are performed annually and generally by UTA's internal auditors. He explained that UTA management engaged Crowe, LLP to obtain an outside perspective, fresh look, and assistance implementing the framework to build a sustainable enterprise risk management (ERM) program. Mr. Maraccini also informed the committee what an ERM is and why they are critical. Mr. Dykstra outlined the planning and documentation involved in phase 1 as well as on-site fieldwork and interviews performed in phase 2 of the review. He advised the following as the top risks to UTA (in no particular order):

1. Cybersecurity Attack
2. Fraud or Illegal Acts
3. Reduced Funding
4. Conflicting Board and Management Priorities

5. Turnover in Key or Skilled Positions
6. Inability to Maintain a State of Good Repair
7. Harm to People or Property
8. Failure to Meet Service or Expansion Plans
9. Lack of Reliable Data
10. Disaster or Emergency Event
11. Cash Shortfalls

Mr. Maraccini summarized the risk forum, risk scoring methodology, participants and interviewees, as well as next steps which include a final report by April 30th, 2020. Brief discussion ensued. Questions regarding why cybersecurity attacks is listed twice under top risks, whether the identified top risks are consistent with those the consultant typically sees for the industry, what is meant by "lack of reliable data", whose responsibility it is internally to initiate changes with the identified risks, whether the process went smoothly, and how long the next steps will take were posed by the committee and answered by staff.

2020 Audit Plan Approval. Ms. De Villiers informed the committee that the risks the Crowe consultants identified and presented were the primary consideration for UTA's 2020 Audit Plan. She briefly explained each inherent risk and the related preliminary assessments/audits staff is recommending in order to provide assurance on the risks. In summary she noted auditors plan to perform 5 preliminary assessments and 7 audits in 2020 which excludes any work that will be outsourced. She reported staff is recommending approval of the plan. Discussion ensued. Questions regarding the roles of the risk & compliance director and audit department in relation to conflicts of board and management priorities, and what the purpose is for follow-up of payroll, accounts payable, and grants management were posed by the committee and answered by staff.

A motion to approve the 2020 Audit Plan was made by Member Walker and seconded by Member Millington. The motion carried by unanimous vote.

Internal Audit Update.

> **2019 Audit Plan Status Update.** Ms. De Villiers stated that the data access preliminary assessment, payroll, and accounts payable audits are currently in the reporting stage and that all other audits and preliminary assessments have been brought to the committee. There were no questions or discussion.

Other Business.

>**Next Meeting.** The next audit committee meeting is scheduled for Monday, April 6, 2020 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 committee entered closed session at 3:51 p.m.

Open Session. A motion to return to open session was made by Member Holbrook and seconded by Member Millington. The motion carried unanimously, and the committee returned to open session at 4:47 p.m.

Adjournment. The meeting was adjourned at 4:49 p.m. by motion.

Transcribed by Angie Olsen
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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/586265.html for entire content.

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