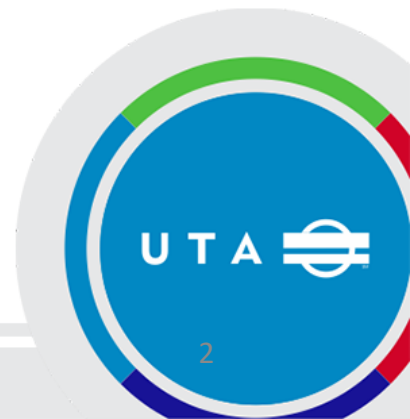# UTA Audit Committee Meeting
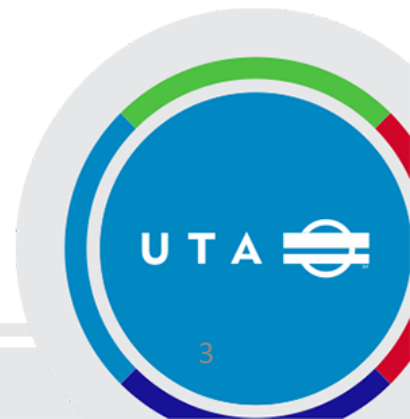
June 22, 2020

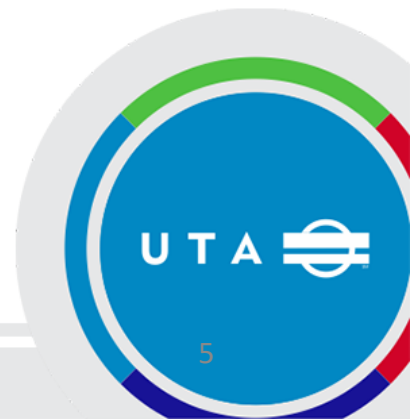# Call to Order and Opening Remarks

Safety First Minute

Consent

a. Approval of February 10, 2020 Audit Committee Meeting Minutes

Recommended Action (by acclamation)
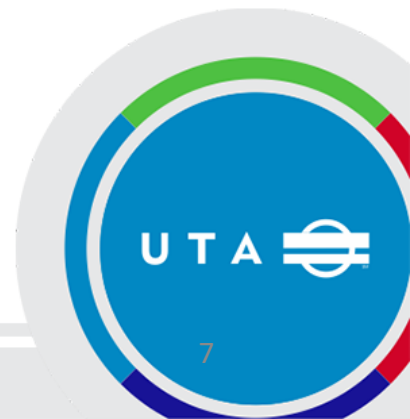
Motion to approve

2019 Financial Audit Report

Recommended Action (by acclamation)

Motion to recommend 2019 Financial Audit Report to Board of Trustees for acceptance

External Financial Auditor Selection Process Consultation

FTA Triennial Review Report

Background

- Every three years, FTA commissions a Triennial Review of UTA
  - Covers 21 areas of compliance
  - Includes special emphasis areas
- 2019 was the Triennial Review year for UTA
  - Fulfilled preliminary information requests
  - Week long on-site interviews and observations – Sept. 10-13, 2019
  - Preliminary assessment provided for factual correction
  - Final assessment provided on October 23, 2019

Triennial Review Results

- 18 areas – No deficiencies

- Financial Management and Capacity Deficiency
  - Ensure grant expenditure spreadsheet and general ledger information agree
    - A timing difference issue which has been resolved

- Technical Capacity – Award Management Deficiency
  - Submit the annual program of projects (POP) status report and submit procedures for submitting POP annually to FTA
    - Report provided and procedures submitted

Triennial Review Results

- Deficiencies - Satisfactory Continuing Control:
  - Provide a complete and accurate list of equipment on hand
  - Provide evidence of physical inventory of grant-funded equipment reconciled to accounting records
  - Update procedures for biennial inventory of grant-funded assets
  - Update asset management procedures
- Developed a cross functional team to address these
- All were completed before March 13, 2020

Triennial Review Close Out

- UTA provided FTA with information addressing all deficiencies
- FTA provided a close out letter on March 19
  - All required actions have been completed
  - All deficiencies are resolved

Revised 2020 Audit Plan Approval

REVISED 2020 INTERNAL AUDIT PLAN

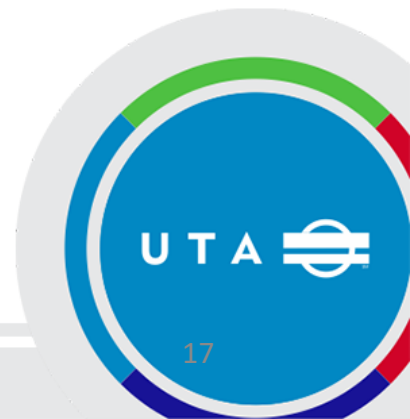| Preliminary Assessment (PA) / Audit	Change
Accounts Payable Follow-Up Audit	Postpone to 2021
Budget Management Audit	
Bus Training Program PA	Postpone to 2021
Contract Management PA	
Data Access Audit	Postpone to 2021
Grants Management Follow-Up Audit	
Information Technology Business Continuity/Disaster Recovery	

REVISED 2020 INTERNAL AUDIT PLAN

Preliminary Assessment (PA) / Audit	Change
Maintenance of Way – Infrastructure Audit	
Maintenance of Way – Systems PA	
Payroll Follow-Up Audit	Postpone to 2021
Recruitment and Retention PA	
State of Good Repair Audit	
Transit Oriented Development PA	

Recommended Action
(by acclamation)

Motion to approve revised 2020 Audit Plan as presented

Internal Audit Update

2019 INTERNAL AUDIT PLAN

2019 INTERNAL AUDIT PLAN

Preliminary Assessment (PA) / Audit	Executive	Status
Accounts Payable Audit	CFO	Completed
Budget Management PA	CFO	Completed
Cash Management Audit	CFO	Completed
Data Access PA	Executive Director	Reporting
Grants Management Audit	CSDO	Completed
Maintenance of Way – Infrastructure PA	COO	Completed
Payroll Audit	CFO	Completed
State of Good Repair PA	COO	Completed

CFO: Chief Financial Officer
CSDO: Chief Service Development Officer
COO: Chief Operating Officer

2020 INTERNAL AUDIT PLAN

2020 INTERNAL AUDIT PLAN

Preliminary Assessment (PA) / Audit	Executive	Status
Accounts Payable Follow-Up Audit	CFO	Request to postpone
Bus Training Program PA	COO	Request to postpone
Budget Management Audit	CFO	
Contract Management PA	CFO	Reporting stage
Data Access Audit	Executive Director	Request to postpone
Grants Management Follow-Up Audit	CSDO	
Information Technology Business Continuity/Disaster Recovery	Executive Director	Outsourced

CFO: Chief Financial Officer
CSDO: Chief Service Development Officer
COO: Chief Operating Officer

UTA

2020 INTERNAL AUDIT PLAN

Preliminary Assessment (PA) / Audit	Executive	Status
Maintenance of Way – Infrastructure Audit	COO	
Maintenance of Way – Systems PA	COO	
Payroll Follow-Up Audit	CFO	Request to postpone
Recruitment and Retention PA	CPO	
State of Good Repair Audit	COO	
Transit Oriented Development PA	CSDO	Fieldwork Stage

COO: Chief Operating Officer
CPO: Chief People Officer
CSDO: Chief Service Development Officer

UTA

OPEN ITEMS

Audit	Findings			Planned action date
	Total findings	Findings addressed	Findings in progress	
Cash Management	8	8	0	-
Grants Management	7	6	1	Q2, 2020
Inventory Management	8	8	0	-
National Transit Database	5	3	2	Q2, 2020
Operating & Ridership Reporting	8	8	0	-
Payroll	7	0	7	Q4, 2020
Treasury Management	6	6	0	-
Vanpool Operations	14	13	1	Q4, 2020
Accounts Payable	8	0	8	Q4, 2020
Total	**71**	**52**	**19**	

Preliminary Assessment	Findings			Planned action date
	Total findings	Findings addressed	Findings in progress	
Budget Management	6	0	6	Q2, 2020
Maintenance of Way – Infrastructure	6	4	2	Q4, 2020
State of Good Repair	11	4	7	Q4, 2020
Total	**23**	**8**	**15**	

UTA ETHICS POLICY

- Annual review of Ethics Policy
  - Board approved on April 29, 2020

- Incorporate ethics related policies into Ethics Policy:
  - Ethics Hotline Policy 1.33
  - Whistleblower Protection Policy 6.1.9
  - Anti-Fraud Policy 6.1.13

- Significant additions and changes to:
  - Reporting Conflicts of Interest
  - Gifts
  - Meals
  - Outside employment

- Publication of policy to employees
  - Formal communication
  - Learning Management System
  - In-person training

Fraud Risk Assessment

Internal Audit Software

UTA Internal Audit
Audit Software Introduction

AUDITBOARD

Collaborating and managing audit planning, fieldwork and reporting in one simple tool.

Restructuring the audit process to a more efficient function through:

- Automated audit documentation – some manual processes will now be automated

- Auditee communication will automatically be incorporated into the audit record

- Auditees and Auditors have a functioning, dynamic dashboard displaying responsible outstanding document request, issues, and overdue responses

- Workflow documents can be used to streamline the process

- Various production reports can be generated

- Provides a strong audit trail
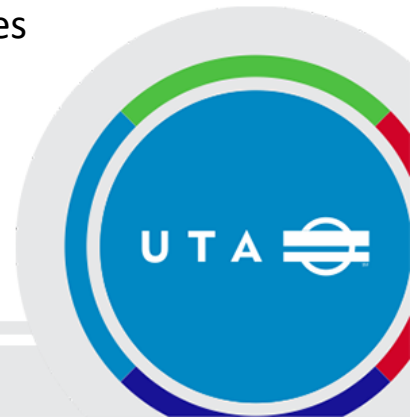
Needs & Wants

- Dashboards
- Issues/Findings Tracker
- Document Version retention
- Document management
- Expandable modules – libraries
- Self customizing capabilities
- 24/7 customer service
- Limited access users
- Audit report generator
- Control Management

Unique to Auditboard

Priced by audit, unlimited users

Office Suite integrated

Internal Audit Report Review

a. Accounts Payable Audit Report

b. Payroll Audit Report

Accounts Payable Audit Report

R-19-08

Audit Scope (Included)	
• Governance	• Duplicate Payments
• Invoice Approvals	• Vendor Management
• Payment Processing	• Employee Reimbursements
• Payment Approvals	• Credits and Refunds

Audit Scope (Excluded)	
• Leases	• Real Estate payments
• Bond Payments	• Bank administration and bank reconciliations
• P-Card payments	• Procurement process

Preliminary assessment period:
July 2017 through to June 2018

Audit period:
June 2019 through to October 2019

Accounts Payable

- Stronger guidance implemented
- System tolerances set
- Improved monitoring and review of vendor payments
- Validation of invoices and employee reimbursement payments
- Vendor master data and payments

Payroll Audit Report

R-19-07

Audit Scope	
• Governance	• Bargaining Unit employee timekeeping
• Payroll accounting & payments	• Bargaining Unit timekeeping application administration
• People Office, Total Rewards, and HR Services & Labor Relations, as it relates to the payroll process	• Enterprise resource planning system master files, as it relates to the payroll process
• Payroll processing	

Audit Scope	
• Compliance with the Collective Bargaining Agreement	• Compliance with the Fair Labor Standards Act
• Withholding calculations (taxes)	• W-2 Reporting

Preliminary assessment period:
January 2017 through to December 2017

Audit period:
January 2019 through to July 2019

U T A

Payroll

- Stronger policies and procedures designed or implemented
- Implemented review process for user access to HRIS applications
- Employee access profiles and responsibilities
- Bargaining Unit timekeeping and application administration

Other Business

a. Next Meeting: Monday, August 24, 2020 at 3:00 p.m.

Adjourn