

UTA Audit Committee Meeting

October 28, 2019



Call to Order and Opening Remarks



Safety First Minute



**If there is a train near, don't give in to fear,
just remember that the trains cannot steer.**



U T A 
SAFETY & SECURITY

October 2019



Approval of August 12, 2019 Audit Committee Meeting Minutes



Recommended Action (by acclamation)

Motion to approve



Agency Report



Internal Audit Update



Audit Plan Status Update

2019 Internal Audit Plan Status

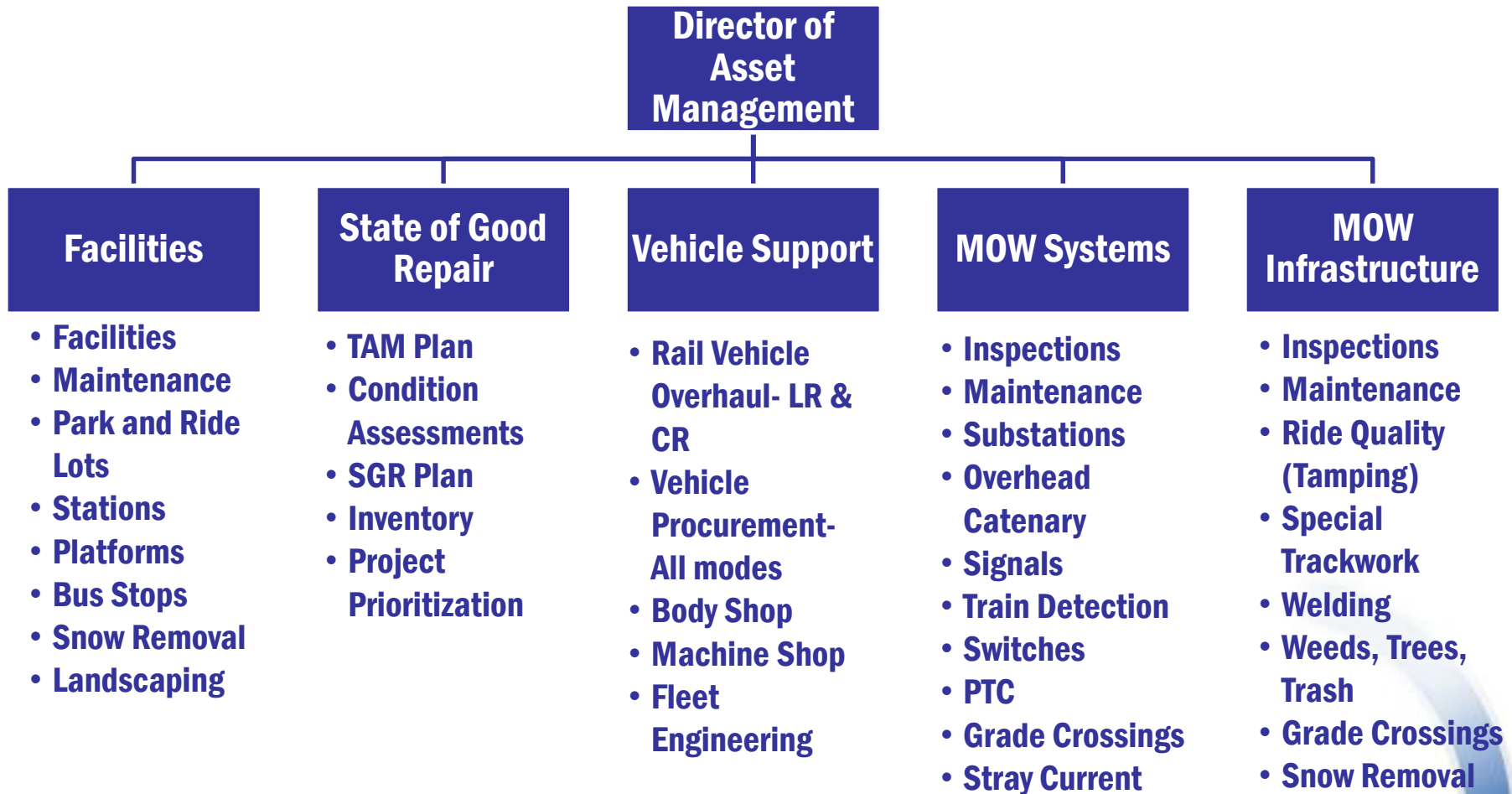
Audit	Timing	Executive	Status
State of Good Repair	Q1	COO	Completed
Budget Management	Q1	CFO	Completed
Cash Management	Q2	CFO	Completed
Maintenance of Way (Infrastructure)	Q2	COO	Reporting
Data Access & Security	Q2	Interim Executive Director	In progress
Payroll	Q3	CFO	In progress
Grants Management	Q3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

* Audit is on schedule to be performed as planned

[~] Preliminary assessment recommended to be postponed to 2020

Maintenance Of Way Update

Asset Management Organizational Structure (Cost Centers)



MOW Statistics

- **MOW Team (104 employees)**
 - **Systems Maintenance**
 - **Bargaining - 55**
 - **Admin - 16**
 - **Infrastructure Maintenance**
 - **Bargaining - 24**
 - **Admin - 9**
- **24/7 coverage of rail system**
- **202 miles of revenue track**
- **134 grade crossings**
- **317 switches**
- **82 structures**
- **50 substations**
- **73 rail stations**
- **230 signal houses**
- **2 PTC systems**
- **702 catenary poles**
- **Hundreds of miles of overhead contact and messenger wire**



MOW and Continuous Improvement

- **Partnering with CI team**
 - **Conducting risk analysis**
 - **Restructuring MOW Department**
 - **Defining roles and responsibilities**
 - **Mapping core processes and identifying core tasks**
 - **A project plan has been developed to identify key deliverables and help support the implementation of the new structure.**

MOW Restructure Project Plan and Timeline

Current Progress

This restructure has been ongoing for the past few months and we have completed the following steps

- ✓ Establish Project Plan
- ✓ Executive Summary
- ✓ Executive Approval
- ✓ Implement New Structure (this transition took place on July 14th)

Ongoing and Next Steps

The following steps are ongoing with estimated completion dates as follows

- | | | |
|---|--------------|-------------|
| <input type="checkbox"/> Identify and Document Core Processes | May 19 | October 19 |
| <input type="checkbox"/> Identify and Document Standard Work | May 19 | December 19 |
| <input type="checkbox"/> Complete Risk Analysis | September 19 | December 19 |
| <input type="checkbox"/> Implement New SOP's and Training | January 20 | March 20 |

MOW Restructure Project Update

- **Mid 2019 the MOW department went from two sections (systems and Infrastructure) to four sections**

**Systems
Maintenance**

**Infrastructure
Maintenance**

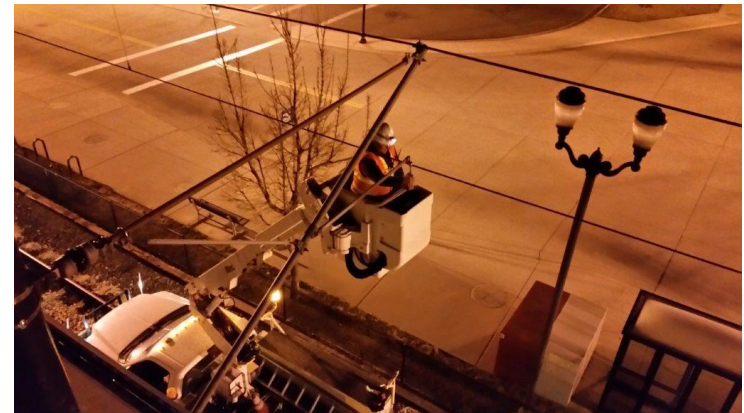
**Systems
Engineering**

**Inspections and
Compliance**

- **This new structure provides clarity to roles and responsibilities and improves overall accountability for each group.**

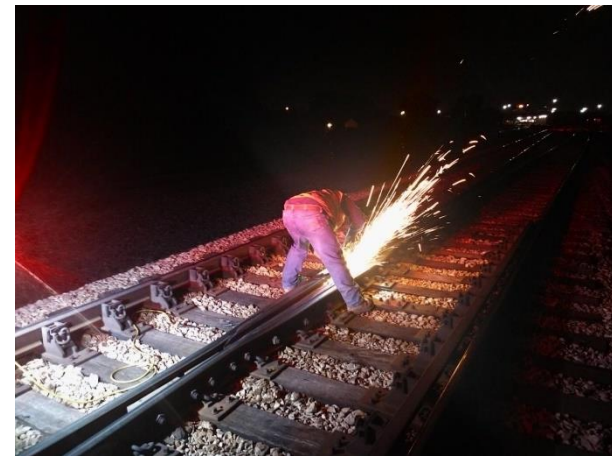
Systems Maintenance

- **System monitoring**
- **Preventative maintenance**
- **Asset repair and replacement**
- **Emergency response (approximately 350 crossing arms damaged/broken annually)**
- **SGR and capital project support**
- **Inventory control**



Infrastructure Maintenance

- **Preventative maintenance**
 - Rail, ballast and ties
 - Fencing, weeds, trees, and trash
- **Asset repair and replacement**
 - Special track work, frog welding, switch point welding, IJ replacements
- **SGR and capital project support**
- **Inventory control**



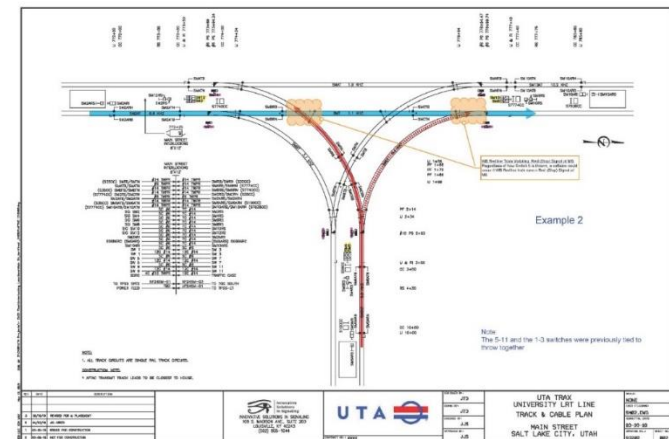
Inspections and Compliance

- Responsible for CFR 213, 234, and 236 compliance
- FRA coordination for MOW
- Responsible for 3rd party required annual testing
- Ride quality and production tamping



Systems Engineering

- Provides technical knowledge and supports all MOW Groups.
- Manages SGR systems projects.
- Stray current mitigation
- Configuration management
- PTC continuing control and issue resolution
- Bridge management program



Audit Recommendations Compliance

Audit Recommendations Compliance - 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	6	6	0	-
Procurement	19	19	0	-
Transit Oriented Development	15	15	0	-

Audit Recommendations Compliance - Audits

Audit	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress/ not started	
IT General Controls	14	14	0	-
Purchase Card Compliance	15	15	0	-
Operating & Ridership Reporting	8	7	1	Q4, 2019
Treasury Management	6	6	0	-
Inventory Management	8	8	0	-
Vanpool Operations	14	10	4	Q4, 2019
National Transit Database	5	0	5	Q4, 2019
Cash Management	8	8	0	-
Total	139	124	15	

Audit Recommendations Compliance - Assessments

Assessment	Findings			Planned action date
	Total Findings	Findings addressed	Findings in progress/ not started	
Accounts Payable	8	1	7	Q4, 2019
Grants Management	7	6	1	Q4, 2020
Payroll	7	7	0	-
State of Good Repair	11	0	11	Q2, 2020
Budget Management	6	0	6	Q1, 2020
Total	39	14	25	

Recommended Action (by acclamation)

Motion to approve moving the Maintenance of Way (Systems) Audit
from the 2019 Audit Plan to the 2020 Audit Plan



Internal Audit Report Review



AUDIT REPORT AND PRELIMINARY ASSESSMENT

- **Operating and Ridership Reporting Audit (R-18-04)**
- **Budget Management Preliminary Assessment (R-19-02)**

Operating and Ridership Report



Operating and Ridership Audit

- **Audit period: *03/01/2018 - 05/31/2018***

Audit Scope - Included

- **Governance**
- **Ridership Reporting**
- **Operations, Capital and Asset Reporting, Ad hoc Reporting**
- **Mobile Data Computer, Automated Passenger Counters, and related contracts and monitoring**
- **System Monitor Validation**

Audit Scope - Excluded

- **Source data originating outside of the Operations Analysis and Solution Team's responsibility**
- **Proposed changes to the COO Report and related processes**

Operating and Ridership Audit

- **Policies and Procedures**
- **Data Integrity and Change Controls**
- **Report Classification and Retention**
- **Ad Hoc Reporting**
- **Standardization**
- **Contracts**
- **Risk Assessment**
- **System Monitoring and Validation**

Budget Management Preliminary Assessment Report

Budget Management Preliminary Assessment

- Preliminary assessment period: *01/01/2018 - 12/31/2018*

Audit Scope - Included

- | | |
|--------------------------------|--|
| • Governance | • Budget finalization |
| • Operating budget development | • Monitoring and control |
| • Capital budget development | • Select IT controls for operating budget related software |

Audit Scope – Excluded

- UTA Employee Pension and Trust internal budget
- Assessment of overall Authority operating effectiveness due to budget decisions

Budget Management Preliminary Assessment

- **Governance of Budget Management Process**
- **Operating Budget**
- **Capital Budget**
- **Information Technology General Controls**
- **Budget Finalization**
- **Monitoring and Control**

Other Business

Next Meeting: December 9, 2019 at 3:00 p.m.



Closed Session

- a. Strategy session to discuss pending or reasonably imminent litigation



Open Session



Adjourn

