

Utah Transit Authority

State Compliance Audit Report for the Year Ended
December 31, 2016 with State Compliance Findings

UTAH TRANSIT AUTHORITY

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**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE STATE COMPLIANCE AUDIT GUIDE ON
COMPLIANCE WITH GENERAL STATE COMPLIANCE
REQUIREMENTS AND INTERNAL CONTROL
OVER COMPLIANCE**

To the Board of Trustees,
Utah Transit Authority
Salt Lake City, Utah

Report on Compliance with General State Compliance Requirements

We have audited Utah Transit Authority's (the "Authority") compliance with the general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Authority for the year ended December 31, 2016.

General state compliance requirements were tested for the year ended December 31, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management
- Special and Local Service District Board Members

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Authority occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on General State Compliance Requirements

In our opinion, Utah Transit Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Authority for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instances of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2016-1. Our opinion on compliance is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the compliance requirements that could have a direct and material effect on the Authority to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing, their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and recommendations as item 2016-1.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen

Keddington & Christensen, LLC
Salt Lake City, Utah
June 20, 2017

**UTAH TRANSIT AUTHORITY
STATE OF UTAH GENERAL COMPLIANCE REQUIREMENTS
SCHEDULE OF STATE COMPLIANCE FINDINGS**

2016-1 Board Member Training (Significant Deficiency)

Condition: During our testwork it was noted that board members did not receive the required board member training developed by the Utah State Auditor in conjunction with the Utah Association of Special Districts (UASD).

Criteria: Utah Code Annotated 17B-1-312 states “each member of a board of trustees of a local district shall, within one year of taking office” or elected or appointed to a new term, complete training developed by the Office of the Utah State Auditor in conjunction with the UASD.

Cause: The cause appears to be an oversight in this instance.

Effect: The Authority was not in compliance with the necessary training requirements.

Recommendation: We recommend that the Authority implement a process or control to ensure that the proper training are held for all new board members or those elected or appointed to a new term, and retain the necessary certificates or evidence of proof of training.

Management’s Response: UTA will develop a process to ensure that all new board members or those elected or appointed to a new term receive the required board member training developed by the Utah State Auditor in conjunction with the Utah Association of Special Districts and that the necessary certificates or evidence of proof of training are retained by the Director of Strategic Board Operations.