



# Internal Audit Division Update

Audit and Reporting Committee

March 17, 2016

 **SOUNDTRANSIT**

# Internal Audit Update

- Management Update on the 2015 QA/QC Program Performance Audit
- Management Update on the A&E Contract Compliance Audit
- Internal Audits Completed
- Internal Audits In Progress
- 2015-2016 Biennial Internal Audit Work Plan Status
- Selection of a 2016 Performance Audit Topic



**Management Update on the 2015  
QA/QC Program Performance Audit**



**Management Update on the A&E  
Contract Compliance Audit**

# Management Update on the A&E Contract Compliance Review

Prepared by the Procurement & Contracts Division for ST management

**Recommendation #1**

# **Approval of Personnel Additions**

**Management Action**

**Clarifying Language added to our  
Standard A&E Agreement**



## Recommendation #2

# Approval of Direct Labor Rates

## Management Action

**Clarifying Language added to our  
Standard A&E Agreement**

### Recommendation #3

## Approval of Travel Costs

### Management Action

**ST Project Managers, and A&E Consultants, Reminded of Existing Controls in the Approval Process that will Continue to be Monitored**



## Recommendation #4

# Approval of Overtime Costs

## Management Action

**ST Project Managers, and A&E Consultants, Reminded of Existing Controls in the Approval Process that will Continue to be Monitored**

## Recommendation #5

# Project Cost Tracking

## Management Action

**Confirmed that PB's current accounting of total costs-to-date are accurate, and PB will withhold disputed amounts from future billing until resolved.**

**Recommendation #6**

## **Leased Vehicle Costs**

**Management Action**

**Clarifying Language added to our  
Standard A&E Agreement**



**Internal Audits Completed**

## Internal Audits Completed

- Facilities Condition Assessment Program
- Procurement Card (Recurring Audit)

# Facilities Condition Assessment Program

- Objectives: Compliance with internal and external requirements and utilization of assessment data.
- Conclusion: The program is compliant and the agency is utilizing assessment data to determine efficiency and effectiveness of asset management activities.

The image shows the front of a bus with a wheelchair lift extended. The bus is dark-colored and has a white wheelchair lift platform extended from the front. A wheelchair is visible on the platform. The bus has a large windshield with wipers and a side mirror on the left. The number '9643K' is visible on the front of the bus. The entire image is overlaid with a blue tint.

# Internal Audits in Progress



# Audits in Progress

- Sounder Contract Compliance Monitoring
- Project Labor Accounting
- Follow-Up of Prior Audit Issues from the Wireless Device Program Audit

The image shows the front of a white bus with a wheelchair lift extended. A blue tint is applied to the entire image. The text is overlaid on the left side of the bus.

# **2015-2016 Biennial Internal Audit Work Plan Status**

## 2015-2016 Biennial Internal Audit Work Plan Status

The 2015-2016 biennial work plan has a total of 53 individual projects:

	2015 Audits			2016 Audits
	Completed	Not Completed	Total	
Audits	8	3	11	6
Carryover from prior year	2	4	6	1
Follow up of prior year audits	4	4	8	9
Recurring Audits	2	3	5	7
	16 (53%)	14 (47%)		23

# 2015-2016 Biennial Internal Audit Work Plan Status

continued...

## Revised 2016 Internal Audit Work Plan

- Payment Accuracy
- 2016 Performance Audit
- Facilities--Equipment & Parts
- Facilities--Service Contract monitoring
- Project Labor Accounting
- A & E Firms Indirect Cost Rate Support
- Construction Change Orders
- Wireless Device Program
- Records Management
- Diversity Program Reporting
- Ridership Reporting
- *Information Technology Risk Assessment\**

The image shows the front of a bus with a wheelchair lift extended. The bus is white with a blue tint overlay. A wheelchair symbol is visible on the upper left of the windshield. The lift is a metal frame with a ramp and a seat. The text "Selection of a 2016 Performance Audit" is overlaid in white, bold font across the center of the image. The bus number "9643" is partially visible on the right side of the front panel.

# Selection of a 2016 Performance Audit

# Background Information

## Why do performance audits?

- Requirement of the ST2
- Effective tool to :
  - Realize Cost Savings
  - Improve Performance
  - Facilitate Decision Making
  - Provide Public Accountability
  - Reduce Risk to the Agency

## Prior Year Performance Audits

- 2010 – IT Procurement
- 2011 – Value Engineering
- 2012 – COP by State Auditor's Office
- 2013 – Contract Management
- 2014 – Public Safety Program
- 2015 – QA/QC Program

# 2016 Performance Audit Topic Discussions

Discussions with the previous ARC Chair and Committee members, the Executive Leadership Team (ELT) and the Citizen Oversight Panel (COP) resulted in the following topic suggestions:

- Configuration Control Board
- ORCA
- Community Outreach
- Information Technology
- Phase Gate
- Records Management
- Performance Management
- Job Order Contracting
- Construction Related Topics (e.g., change orders, contingency funds)
- Efficiency and Cost of Operations
- ADA and Paratransit Program (cost vs budget)
- FTA Grant Accounting



## 2016 Performance Audit Topic Suggestion by IA

- Job Order Contracting
- Potential Objectives
  - Determine compliance with applicable RCW
  - Determine whether JOC has realized intended benefits (e.g., less overhead in procurement)

The image features a dark grey horizontal band across the center. On the left side of this band is the Sound Transit logo, which consists of a white square containing a stylized 'S' and 'T' symbol. To the right of the logo, the words 'SOUNDTRANSIT' are written in a bold, white, sans-serif font. Below 'SOUNDTRANSIT', the slogan 'RIDE THE WAVE' is written in a smaller, white, sans-serif font. The background of the entire image is a close-up of a transit vehicle with a white upper section and a blue lower section, separated by a wavy teal and blue graphic. The white section has several dark rectangular windows, and the blue section has larger windows and some text that is partially visible at the bottom.

**SOUNDTRANSIT**  
RIDE THE WAVE