



Washington State Auditor's Office

Independence • Respect • Integrity

Accountability Audit Report

Central Puget Sound Regional Transit Authority

King County

For the period January 1, 2014 through December 31, 2014

Published October 22, 2015

Report No. 1015399





Washington State Auditor's Office

October 22, 2015

Board of Directors
Central Puget Sound Regional Transit Authority
Seattle, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Audit Summary.....	4
Related Reports.....	5
Information About The Authority.....	6
About The State Auditor’s Office.....	8

AUDIT SUMMARY

Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Central Puget Sound Regional Transit Authority from January 1, 2014 through December 31, 2014.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Safeguarding of small and attractive assets
- One Regional Card for All(ORCA) related activity
- Passenger fares - cash receipting
- Relocation assistance
- Payments/expenditures

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from Central Puget Sound Regional Transit Authority.

Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal programs. That firm's report is available from Central Puget Sound Regional Transit Authority.

INFORMATION ABOUT THE AUTHORITY

In 1992, the Washington State Legislature authorized King, Pierce and Snohomish counties to create a regional transit authority to plan, build and operate a high-capacity transit system within the Puget Sound region's most heavily traveled corridors. The Central Puget Sound Regional Transit Authority, which today operates under the name Sound Transit, was established September 17, 1993 initially undertaking a long-range planning process. The Authority comprises five subareas within the contiguous urbanized areas of Snohomish, King and Pierce counties. The service area is home to approximately 2.9 million people, or 80 percent of the three-county population.

The Authority is governed by an 18-member Board of Directors, 17 of who are appointed by the executives of member counties and confirmed by the Council of each member county. Membership is based on the population from that portion of each county within the Authority's service area. The final member is the Secretary of the Washington State Department of Transportation.

In 1996, the Regional Transit System Plan, "Sound Move", was approved by the voters. This plan authorized a capital program anticipated to be completed in 2016 and implementation of commuter rail (Sounder), regional express bus service (ST Express) and light rail (Link) operations. In 2008, a second plan, "ST2," was approved, providing for further expansion of facilities and service to the region with anticipated completion of the capital expansion program in 2023.

To date, the Authority has implemented and is operating the following services: 82 miles of commuter rail services providing 10 round trips daily between downtown Seattle and Tacoma and four round trips daily between Seattle and Everett, 26 express bus routes with a fleet of 267 active buses, 1.8 miles of light rail line in Tacoma and 15.4 miles of link light rail line from downtown Seattle to Sea-Tac Airport. In 2014, the Authority provided about 33 million rides to commuters.

The Authority is supported primarily through sales taxes, motor vehicle excise and rental car taxes, passenger fares and grants from federal and state agencies. The 2014 budget included revenues of \$920 million and outlays of \$1.1 billion. The Authority's unrestricted cash balance was \$534.5 million at the end of 2014, and funded the difference of \$180 million between annual revenues and expenses. The Authority had approximately 640 employees at the end of 2014.

Contact information related to this report

Address:	Central Puget Sound Regional Transit Authority 401 S. Jackson Street Seattle, WA 98104-2826
Contact:	Lori Bevier, Senior Compliance Analyst
Telephone:	(206) 903-7011
Website:	www.soundtransit.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Central Puget Sound Regional Transit Authority at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov