Internal Audit Update

Community Oversight Panel
10/14/2026

SOUNDTRANSIT

Today's topics

- Disaster Preparedness & Recovery audit summary
- In-progress audit work
- 2027 Audit Plan development process

Informational update with no panel action at this time

Disaster Preparedness & Recovery audit

What is Emergency Management?

The Emergency Management Program sets the framework, policies, and procedures for:

Incident Response	Disaster Preparedness	Employee Readiness
How we mobilize to address events that happen in our system	How we coordinate response with the jurisdictions in which we operate. **Governed by Agency Continuity Plan (ACP)**	How we support employee preparedness for incident and disaster response

Governed by Emergency Operations Plan (EOP)

Disaster Preparedness & Recovery audit

Background: *Approved by FAC per COP recommendation*

Scope:

- ✓ Review the design and alignment of agency emergency operations and continuity planning programs
- ✓ Benchmark against peer agencies for maturity

Reviewed:

- ✓ Agency Continuity Plan, Emergency Operations Plan, prior audit documentation, FEMA & APTA guidance, interviews with peer agency SMEs

AUDIT RESULTS

2 recommendations

- Strengthen continuity governance
- Prioritize and track improvements

Disaster Preparedness & Recovery audit

Peer agency benchmarking: *status of each agency's documentation of industry leading practices*

Benchmark theme	Sound Transit	King County Metro	Denver RTD	NYC Transit (MTA)	TriMet (Portland)
Plan structure, ownership & maintenance	✓	✓	✓	◐	✓
Preparedness culture & workforce readiness	◐	✓	✓	◐	✓
Essential functions & Operations involvement	◐	✓	✓	✓	✓
Training, exercises & lessons learned	✓	✓	✓	✓	✓
Recovery, reconstitution & implementation	✓	✓	✓	✓	?

✓ Has / evidenced ◐ Developing / partly formalized ? Evidence not sufficient

Disaster Preparedness & Recovery audit

Key insights

Strong Foundation

Established emergency management capabilities

- ✓ Technology disaster recovery capability
- ✓ EOP's incident command, communications, coordination and response
- ✓ Leadership support for ACP

Opportunities to improve

Ways we can improve and enhance moving forward

- ➢ Refine departmental continuity plans
- ➢ Establish alternate operating strategies
- ➢ Better connect operations and technology recovery priorities
- ➢ Exercise continuity activities regularly, including employee readiness

Disaster Preparedness & Recovery audit

Recommendations

- Recommendation #1: Strengthen implementation of continuity governance by establishing clear departmental accountability, cross-functional coordination, and monitoring progress to sustain continuity program maturity.
  - *Establish recovery priorities and acceptable downtime*
  - *Establish an executive-sponsored working group to clarify continuity roles, strengthen ownership, and coordinate preparedness efforts.*
  - *Leverage existing leadership forums to review continuity priorities, resolve cross-functional issues, and align resilience efforts with agency goals.*

Disaster Preparedness & Recovery audit

Recommendations (Cont.)

- Recommendation #2: Management should prioritize and track ACP and EOP improvements based on risk and operational impact, with clear ownership and timelines for implementation.
  - *Identify the highest priorities of essential functions*
  - *Complete departmental continuity plans, annotate dependencies, resources, and alternate opening strategies*
  - *Perform exercises and test scenarios to prepare leaders and departmental owners*

Disaster Preparedness & Recovery audit

Management Responses

Recommendation	Management Actions
R.1: Strengthen implementation of continuity governance	ACP revisions per recommendation will begin to be addressed with the first update issued by 12/31/2026
R.2: Management should prioritize and track ACP and EOP improvements	System to track and prioritize improvements per recommendation will be complete in 2027

In-progress audit work

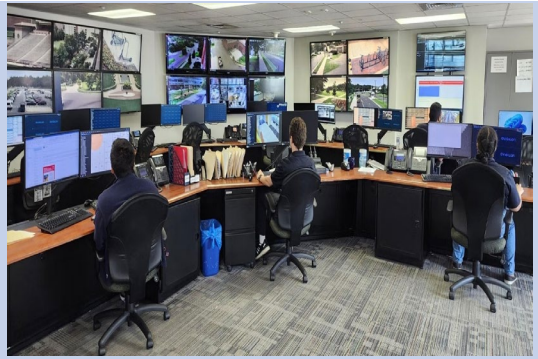
In-progress audits as of Q3 2026

ST Express Bus Service Annual Compliance Audit

- Performed annually per federal standards
- Confirms required safety processes and controls are in place and operating as intended for operations & maintenance.

Pinehurst Link Light Rail Station Safety & Security Certification Audit

- Provides assurance that project meets safety & security certification processes
- Supports regulatory compliance by validating controls and processes prior to revenue service



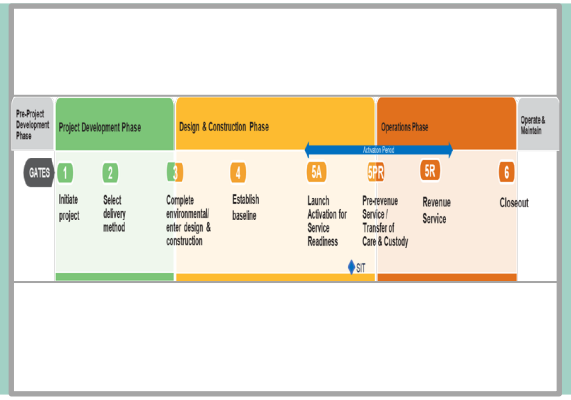
Security Operations Center Internal Audit

- Performed to support the completion of 3-year audit cycle of Agency Safety Plan and compliance with WSDOT Rail Safety standards
- Identifies opportunities to strengthen internal controls and security operations during routine operations and emergency events

In-progress audits as of Q3 2026 (Cont.)

Link Light Rail Annual Compliance Audit

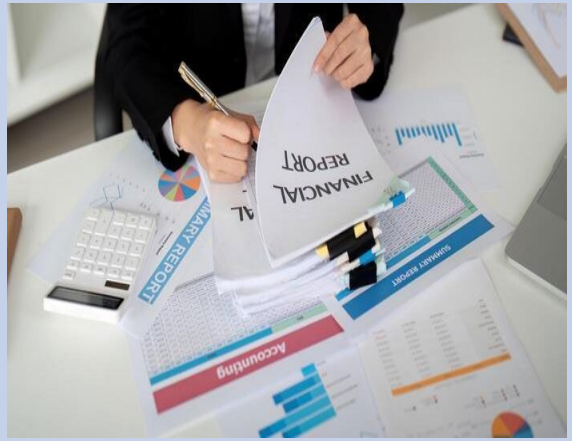
- Performed annually per federal and WSDOT Rail Safety standards
- Confirms required processes and controls are in place and operating as intended for operations & maintenance
- Reviews agency modal oversight and contract operations performed by King County Metro



Internal Governance Audit – Phase Gate Process

- Audit was requested to be performed in 2026 by Finance & Audit Committee with recommendations by the **Community Oversight Panel**
- Identify opportunities to strengthen project oversight and improve the effectiveness of project phase transition decisions

In-progress audits as of Q3 2026 (Cont.)



Annual Financial Audit work

- Performed annually by Crowe, LLP

Audits being performed	Timeframe
Financial Statement Audit work	**Ongoing**
Independent Audit on Internal Controls over Financial Reporting	Starting in February 2027
Agreed-upon Procedures Reporting (NTD funding and Uses of Funds by Subarea)	Starting in May 2027
Final Reports to Finance & Audit Committee	TBD – May 2027

Update on external audit work

Federal Transit Administration (FTA) Triennial Review

- Performed once every 3 years to evaluate how the agency complies with statutory, regulatory, and administrative requirements.
- ***Awaiting the final report from FTA.***

State Auditor (SAO) – Accountability Audit

- Annual review of 2025's financial activity, financial statements, and independent financial audit work.
- Reviewing financial controls, revenues, contracts and internal controls.
- Expect final report by EOY 2026.

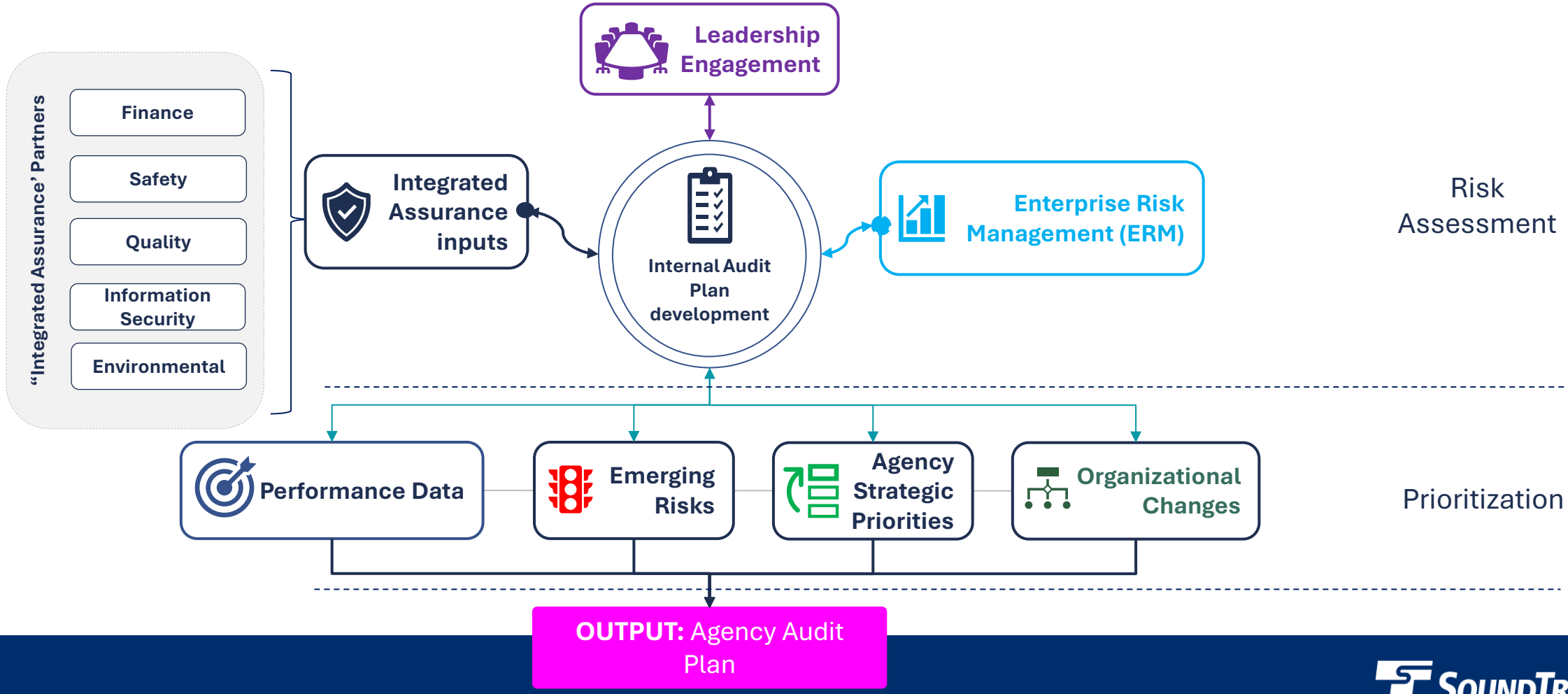
State Auditor (SAO) – Performance Audit

- Performance audit is performed by SAO following I-900 initiatives.
- Area of focus has not been identified yet by SAO audit team.
- Results not expected until 2027.

Audit Plan development process

Audit planning process

How Internal Audit integrates perspectives, risks, assurance activities, and performance insights to develop the Agency Audit Plan



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Recommending a Performance Audit topic

What makes a good audit topic?

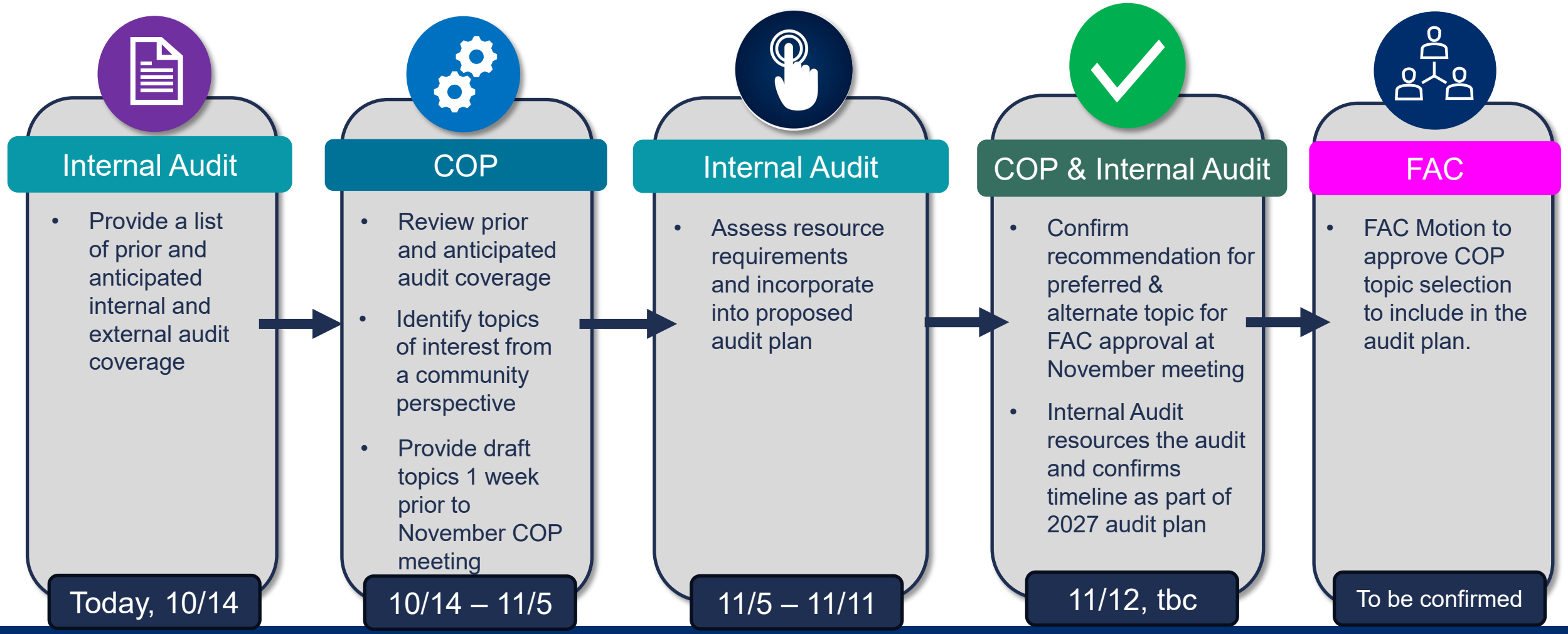
1. Important to **riders, taxpayers, and community**
2. Aligns with **agency commitments** and strategic priorities
3. Clear audit criteria and **performance expectations**
4. **Mature enough** to assess and identify improvements
5. It can be completed with available **resources and timelines**

Audit topic development

Board or agency procedure	Section pertaining to audit plan development and oversight
Motion R2018-41 Board Committee Responsibilities	2.2 Finance and Audit Committee 2.2.1 The Finance and Audit Committee carries out responsibilities such as reviewing: ***2.2.1i: Internal audit plans and selecting the annual performance audit topic***
Motion R2022-05 Community Oversight Panel	2.2 – The community oversight panel monitors and provides recommendations concerning the agency's performance in meeting its public commitments in the following policy areas panel: ***2.2.5: Agency performance audits***

Recommending a Performance Audit topic

Process workflow



Dates assume a November 12 COP meeting, which is not yet final

Thank you.

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Audit reference slides

Previous COP/FAC performance audits

Audit Title	Status
2022 – SCADA systems (postponed, no qualified consulting firms)	Completed (2023)
2023 – Capital Project Time Charging Accountability	Completed (2024)
2025 – Disaster Preparedness & Recovery	Completed (2026)
2026 – Internal Governance (Phase Gate)	*In progress*

Previous external audit topics

Performed by	Affected departments	Subject areas reviewed
FTA Financial Management Oversight – 2025/2026	Information Technology, Finance, PMO	Procurement & Contracts, Information Security, Emergency Management, Internal Controls, IT Access controls
FTA Triennial Review – 2026	Transit Operations, PMO, Legal, Civil Rights & Equity, Finance	Transit Asset Management, Legal, Americans with Disability Act (ADA), Drug & Alcohol Program, Agency Safety Plan, Procurement & Contracts, Cybersecurity, Operations and Maintenance, Financial Management & Capacity, Real Property, Facilities, Title VI
State Auditors Office: Accountability Audit - 2026	Finance, Grants	Contract monitoring, Interlocal Agreements Monitoring, Purchase and Travel Cards, Procurement – Competitive Bid & Awards
State Auditors Office: Performance Audit – 2026	Capital Delivery, Planning & Development	***In progress***

Recurring internal audits planned for 2027

Audit	Area(s) being audited
Modal Annual Internal Safety & Security Audits (Link, Tacoma Link, Sounder, ST Express)	• Transit Operations / Maintenance - Oversight of partner agencies (Link, Sounder, ST Express) • Safety & Security Oversight
Finance	• Internal Controls and Financial Oversight
Information Technology maturity assessment (Information Security)	• Train controls and critical infrastructure • Information security capabilities and controls • Cybersecurity
Environmental & Sustainability Management Systems (ESMS)	• Environmental & Sustainability standards compliance
Safety Management Systems (SMS)	• Safety management process implementation agency-wide

Three-year audit plan: 2026-2028

Link to the plan at soundtransit.org:
https://www.soundtransit.org/st_sharepoint/download/sites/PRDA/FinalRecords/2025/Report%20-%202026-2028%20Agency%20Audit%20Plan%20-%2011-20-25.pdf